

SYSTEM'S PLAN-BOOK SERIES

HOW TO
HANDLE AND DEVELOP
YOUR OWN BUSINESS





April 8 15

IMMEDIATE

NEAR FUTURE

FUTURE

Plan for location of new planers

Cost system

Sawmill

Plan for veneering room additions

Standardizing parts

Further use of waste material

Planers in transit

Work that women can do

Betterment work

Accidents at joining machine

Bonus for production

Complaint record

Relations with union.

Revision of piece work prices.

Here is pictured a very simple plan, but an exceptionally useful one—only a bit of cardboard that a business man keeps under the glass pad on his desk. On it are typed under three headings the jobs he has before him. These show him the relative importance of the jobs.

HOW TO HANDLE AND DEVELOP YOUR OWN BUSINESS

TESTED PLANS AND METHODS THAT BUILD SUCCESS
IN BUSINESS AND PROFESSION—WAYS TO MAKE
NEW PROFITS—HOW TO CUT DOWN THE
LOAD OF PROFITLESS DETAIL WORK

SIXTH REVISED EDITION



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HOW TO GET THE GREATEST VALUE FROM THIS BOOK

THERE are scores of business management plans and methods in this little book, but each of them was selected only after many similar plans had been discarded. Several hundred plans and methods were carefully inspected to secure those printed in this book.

“Where did they all come from?” you will probably ask. They have been furnished by a group of unusually successful business men with which the editorial organization of the A. W. Shaw Company has built up a confidential contact. So the book really not only contains the very best plans from among several hundred executives, but also the best plans worked out by the men with the best records for perfecting plans whom the A. W. Shaw Company has been able to discover after a country-wide search extending over a number of years.

This explains why the book covers so many types of business. But this only increases its value, of course, for it is a demonstrated fact that nine out of every ten plans and methods that succeed with one type of proposition can be used for almost all other types. Furthermore, the ever-increasing intensity of the competition which business men face nowadays makes it necessary for them to draw their ideas from more than one type of proposition.

The A. W. Shaw Company has on file records of hundreds of letters which demonstrate the practica-

PREFACE

bility of using the other man's idea. The departments in its magazine **SYSTEM**, which you will receive in connection with your purchase of this book, continually demonstrate the value of the other man's idea.

Here is a good example of these letters from a recent mail: Wilbur C. Bacon is a lawyer, and a regular reader of **SYSTEM**. Let him tell you in his own words about some of the helpful ideas he has secured from **SYSTEM**:

SYSTEM has given me many ideas which I have been able to use in my own work. Several years ago, for instance, I adopted from one of the books the desk-tickler plan. In the upper left-hand drawer of one desk I keep a triple folder for three months' memoranda. Each section is divided into 31 parts—one for each day's follow-up.

In the desk of my other office is my latest **SYSTEM** idea. It came from the April 1918 issue, which showed how one executive uses a slip under his glass top to date approximately the time when he must consider various matters that come up in the conduct of his business. I made out a similar schedule covering the questions I would have to settle immediately, or in the near future, or at a more distant date.

As the relative timeliness of the noted items changes, I move them to the proper columns by arrows, until the schedule needs to be recopied. I find that the method relieves me of the necessity of carrying future plans in my memory and of having to stop to consider, when I begin work on one, whether I should not do something more important first.

Be sure to read each issue of **SYSTEM** carefully, for it will describe to you month after month tested plans for saving time, new and practical methods for increasing your sales, for advertising, training salesmen, keeping records, holding down expenses, and carrying on all the other activities of your business in the most effective way.

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CHAPTER I

HOW TO TONE UP YOUR BUSINESS

WHERE there is only one responsible executive in a business—whether it is a business with no employees or with a number—that executive must usually handle a variety of tasks for which he has not been specially trained. A larger concern might have a sales manager, an advertising manager, an office manager, a credit and collection manager, an accountant, a purchasing agent, and other department heads. In a “one-man business,” the single executive, although by training primarily a salesman, or a lawyer, a physician, or something else, is in fact all of these department heads combined. It is hardly strange, therefore, that the typical head of a one-man business is continually reminded of his need of better plans and methods in some direction.

Perhaps he doesn't seem to accomplish as much as he ought. How can he use his time to better advantage? His records do not give him readily the information he desires, and they are an insufferable bother to keep. How can he make them easier to keep, and yet more useful? He could handle a good deal more business. How is he to get it? His collections come in very slowly. How is he to speed them up? He needs a better working arrangement with the bank. How is he to secure it?

How!

Not so much the theory of it. He hasn't time to become an expert in all these lines. What he wants is

concrete methods, methods that have been tried out in other businesses and can be lifted bodily into his own—then, if any theory at all, enough simple elements of it to enable him to judge whether the methods are right for his business, and to apply them.

To supply these methods, to do in effect for the head of the one-man business what expensive experts are doing for the larger concerns, is the aim of this book. In the chapters that follow, you will find plans, methods, and systems that are being used by progressive business and professional men to get more out of the day's work. These plans were collected in the course of a nation-wide investigation by the Bureau of Business Standards of the A. W. Shaw Company. They are ready to be put to work without delay, some exactly as they stand and many others with only slight adaptation, depending on the business.

But what has all this to do with my business, you wonder? "I am getting along all right," you say, perhaps. "I am making money."

True enough, but so is the clerk at \$18 a week making money. It may be that he will continue to make only \$18 a week, but if he is alert and far-sighted you will find him plugging along at a night school, or perhaps alone in his room, getting quite easily from printed pages the business wisdom and knowledge it took other men years to acquire.

And so it is with the one-man business. It may be getting along all right; it may be making money. But until the man at its head—and perhaps also at its foot and in its middle—can bring together and co-ordinate in his business all the best plans, methods, and rules he can get from other business men, it is not serving him as it might. It has a blind spot somewhere.

Perhaps we can find an example of how all this works out in France as she is today. Hundreds of villages grown up like our own on the cow-path plan, have been

leveled to dust by the enemy. With the war over do we find these villages rebuilt exactly as they were? Not at all. Plans for the rebuilding include the best ideas that time has brought, with more effective community life as the result.

It is easier with a business than with a village. The village, once built, is difficult to remodel. But the business usually can absorb, can take on more effective methods of handling functional activities without great disturbance to daily work.

HOW THIS BOOK IS ARRANGED SO AS TO BE OF THE
GREATEST VALUE TO YOU

This book has been prepared with the functional activities of a business in mind. Thus, one chapter takes up selling, another chapter the question of handling help, and so on. For instance, everyone sells, you'll agree. Even the attorney or physician sells. It is a professional service that is sold, and the attorney or physician does not hawk his wares through printed publicity. But once the "customer"—the client or patient—is secured, the service must be made satisfactory, it must be "sold" to some degree. Lacking this "selling" knack the professional man, the physician, attorney, dentist, architect, or retail merchant fails to build up a permanent trade and eventually may lose out.

Higher costs of everything, from household expenses to office supplies, today compel the man in the one-man business to study and analyze more carefully than ever before every phase of his business. He must "sell" his services to better advantage; his accounting must leave no loophole for profits to slip out; bad debts must not clutter his books and impair his credit; his letters must be made more certain to get the results he sends them out after; and so on at every point along the line.

Hear the words of a business man who has won success in his one-man business: "To reach success a man not subject to a number of directors, the criticism of partners, or the fear of stockholders, and the like, mainly must be a good disciplinarian. He must be in effect a dual personality, exerting more particularly the force and side of the employer in treating with his other half, the employed, in order that his business may not be a one-man business in result, as it is in fact. The ordinary man is disposed to loaf and to play, and inclined to "put it over." His sense of fair play prevents his doing this with a partner, a board of directors, or stockholders, but he does not hesitate to "put it over" on himself, if that half of himself which constitutes the "boss" will allow it.

"Concretely, a one-man business is dependent, first, upon energy; second, upon adaptation of effective plans, and of inspiration; and third, upon discipline over self. Using these three factors as a board of directors, and then following out honestly the "board's" direction, the one-man business can scarcely fail to win success."

So much for the value of other men's ideas to the head of the one-man business. Now for the concrete plans and methods.

CHAPTER II

SIMPLE BUT EFFECTIVE ACCOUNTS AND RECORDS

WHY do I keep books?" The proprietor of a one-man business faced this question when his bookkeeper quit without notice, leaving the accounts in a tangle. He determined to think out accounting to the point where he could check up the work as expertly as he could along other angles of his business.

He glanced into the largest of his three mysterious books. Here a page assembled his dealings with a paper house; farther on with a customer; again with another creditor. Evidently, the bookkeeper had sorted dollars and cents upon these pages, just as printers' compositors distribute "a's" into one compartment in the type case and "r's" into the adjacent one. There were "boxes"—that is, pages—for every important group of receipts or disbursements. This book was his ledger.

The other two books did not sort amounts, but merely lined them up, one after another, as the transactions crowded in during the day, too fast to be sorted. One book recorded transactions involving cash, the other described all the remaining miscellaneous items. An index column on each ledger page referred to the pages of these books on which the transactions appeared; and it was evident that these books carried the original entries, being feeders for the ledger pages. These volumes were his cash book and journal.

Puzzling out these simple facts, it seemed to the business man that his two books were merely records of the day's business; and that the third book—the ledger—sorted everything, cleared away small details and brought the business to a sharp focus which showed his gain or loss.

The customer or the court might at any time inquire into his business transactions and ask: When? How? Why? With whom? How much? His cash book and journal, the business man saw, would give answer. They would supply the detailed evidence of his dealings, witness his claims and warn him of bills falling due. First, however, he would find it convenient to consult the proper ledger page as an index to these items.

This book where balances were struck, moreover, could answer the broad questions of his business; the customer's, "How does our account stand?" the banker's, "How have your expenses run for the last three years?" and the outside credit man's, "Is my O. K. on your \$3,000 order warranted by your monthly business average?" These answers would have meant making up a special statement based upon a search through many record pages, had not his ledger pages freed every transaction of detail and focused all into the needed totals.

This business man saw that it would be of advantage to have his accounts so divided that he could see his sales, his purchases, his business with the bank, his costs, his expenses, and his profits separately. He saw that his bookkeeping plan might be better adapted to these ends and, calling in an accountant, he worked over a standard system of accounting to suit his particular needs. He now uses vouchers and a duplicate check system, a cash book, a sales journal, several small ledgers for special accounts and a general ledger.

"These half-dozen volumes are no mystery to me," he declares. "One group of them is my catch-all,

where I bring together all the buying and selling transactions of the day. The other pile—my ledgers—are boxes, where into one box I toss my account against the real estate man, into another my bills from the house around the corner. On opposite halves of the page I record what value in cash, in bills or in goods is put in and what is taken out. At the end of the month I add and balance, getting my totals and finally ridding myself of all details, except when I want to turn back to the first book for some item.”

HERE YOU WILL FIND ANSWERS TO BOOKKEEPING
PROBLEMS WHICH OFTEN PUZZLE

“I know now that any system of bookkeeping merely records and balances. By finding the reasons back of his books and fitting them to his business, anyone can take advantage of new accounting ways. Your nail boxes, your cracker boxes, drug containers, jewel or candy trays, are as apt comparisons to your business system as my boxes; and the right bookkeeping system is just that simple and sensible. The only rule I have pasted up is “credit on the right side what goes out, debit at the left what comes in.”

Accounting is simply a method which hard-headed business men have worked out for recording and balancing what comes in and what goes out in the transaction of their business. When our business ancestors found themselves thumbing through their trade diaries dozens of times a day in search of various dealings, they developed a further bookkeeping process to do away with this inconvenience. This plan was to sort items into a final book which gave balances, noting in another volume that each purchase or sale was classified under certain headings.

A separate book was then found convenient for first noting of cash items only. These are the three elementary books of account: the journal, which

records (Figure 1); the cash book carrying the original entries of cash transactions (Figure 2); and the ledger, in which accounts are sorted and balanced (Figure 3).

Soon the journal was improved by putting all like items in one column so that you could transfer everything which belonged on one ledger page at the same time. Now and then a column filled so quickly that a separate book was given to such items. If transactions of one kind were happening simultaneously at a dozen counters, special blanks were designed to record them, so that the records could be assembled, sorted, and more conveniently posted to the ledger. It also became more convenient to split the "balance" volume into several books, which today are called "special ledgers"—accounts receivable, sales, and the like.

Accounts arrange payments and receipts so that you may have a record and avoid overlooking what is due to and from you. A cash payment and a shipment of goods are both credited, the one to cash and the other to merchandise accounts. They are also both debited, the money against the debit satisfied and the goods against the person who is to pay you. The debit for the merchandise or service will then warn you from time to time that its money value is owing to you. Its warning will not cease until you receive the money for the goods and by a credit turn it into a record.

All accounts are either warning you of money due and owing or keeping a valuable record of your dealings. To do this, they must handle not only tangible money, but also merchandise, services, real estate, shares and other representatives of money. When accounts deal with representations of cash, they assign to them a money value and debit or credit these values exactly as if they were currency. You debit a cash payment on account to cash and credit it to whoever paid you; you debit the value of goods received on account to merchandise and credit it to whoever you must pay for

Journal									
Jan. 17		Real Estate						1 000 00	
		To Notes Receivable			8 00 00				
		Cash			2 00 00				

Cash Book									
1913	✓	Items	Sundries	Accounts Receivable					
Jan. 11	✓	Balance Forward	7230.88	809.24					
" "		Notes Receivable	200.00						
" "		J. C. Hammond Co. ^{9/10}		72.53					
" 12		G. H. Burquest		16.28					

Figures 1 and 2: The simplest styles of journal and cash book are here shown. The number of special columns may often be increased to advantage to fit special needs which arise.

Invoice Register									
Date Received	✓	Name	Full Amount	Date Due	Terms	Date Paid	Discount	Net Amount	
Jan. 9	✓	Johanson & Co	1763.0	3/9	3/10/2	1/19	53.0	1671.50	
" "	✓	Speedwell Sons	2457.8	2/9	25/10/2	2/9	49.2	2408.0	
" "		Wright & Furness	712.0	3/9	3/10/2				
" "		C. L. Brock	119.0	1/9	2/1/19				

Accounts Receivable									
Date	Debit	✓	Amount	Date	Credit	✓	Amount		
Jan. 14	Smith & Smith		2076	Jan. 14	Cash		843.82		
" "	Jenkins Co		842	" "	W. Haman		242		
" "	Porter & Harris		1760	" "	Jenkins Co		338		
" "	J. C. Warren		275	" "	J. C. Hammond Co		732.2		
" "	G. H. Burquest		123.2						
" "	Carlson Bros		2305						

Figures 3 and 4: The ledger (front card) assembles accounts under their proper headings. On the invoice register (back card) are assembled all the facts needed for paying invoices on the due date.

it. Although the two debits represent entirely different things—paper currency and goods—they are entered on the books according to a single standard, their value in money. The master book or controlling volume, the “general ledger”—takes these balances and boils them down into concise totals.

All of these books and operations, therefore, are merely steps in this recording and balancing process. Under these two groups, books of record and books of balance, everything in accounting falls.

Any transaction of the four classes (Figure 5) which make up accounting: (1) cash purchases, (2) credit purchases, (3) cash sales, (4) credit sales, must have an original record and must finally filter in essence into the general ledger. You may note an intricate transaction in several intermediary books, but these go-betweens are merely screens through which items pass for finer sorting.

KNOWING JUST WHERE YOU STAND IS ALWAYS
IMPORTANT, YOU'LL AGREE

The ledger “account” is merely an arrangement of two sets of like figures—items which come in and like items which go out—so that, knowing what you had at the beginning, you can, by simple calculation, see just what transfers have been made, what is due or owed, and what is now on hand. This business man’s plan of deciding what belongs in the left-hand or debit column, what in the right or credit column, was “debit what comes in, credit what goes out.” This means that the left-hand column must show exactly what part of your business has been assigned to that heading and the right-hand column what definite value that heading is no longer responsible for.

One ledger page may be headed “cash,” another “merchandise or services,” and a third “accounts receivable.” When you sell on credit, you credit

merchandise, which surrenders that amount of stock, and debit accounts receivable, which becomes responsible. When the buyer pays you, you debit cash, which becomes responsible, and, by a credit, free accounts receivable from its responsibility.

When you fill out a voucher with a cash payment, or write a check and fill in the stub, or enter a sale on its proper slip or ring up the cash register, you are making an original entry, such as business men generations ago made in their diaries. At night you assemble, sort, and foot sales slips, add cash vouchers, read the register, carrying your totals to the various ledger columns. Miscellaneous items which do not make up the bulk of the day's business, such as rent and taxes, will go into different columns of the journal. Where there is an important class of such items, as invoices for goods bought by you, you may design a special record book for it, which will in fact be the debit and credit columns formerly appearing in the journal under that heading.

These totals which you secure from the sales slips, the cash vouchers, and the automatic register after closing time are sorted out and focused into larger totals under the proper headings on the various pages. The gist of every transaction passes on to bigger headings, such as expense, cash, merchandise, discount and interest; and finally to the last focus or the grand total—the balance sheet. From the sales slip record, "Two sacks of Sunset Flour, \$1.50," the grocer for example, carries the amount, \$1.50, as a part of the day's total to the credit side of the merchandise ledger and the debit side of the cash account. When the monthly balance is taken, this item is without individuality in the general entry "Total Sales, \$4,120.12."

Where a purchase or sale is made on credit, you must have something more definite than a sales slip record by which to follow up the collection or payment

of the bill, the taking of a discount or the payment of interest. This is easily done by giving each creditor customer a ledger page so that you may at all times know separately his exact responsibility to you and yours to him. From your original entry, the bill of sale or purchase invoice, you will, therefore, post each credit sales or purchase to its proper page in your customers' ledger or purchase ledger (Figure 3). You can then focus the total purchases or sales under the proper headings without the identifying names. When a customer has his \$1.50 purchase of flour charged, you note his responsibility, \$1.50, on his page in the customer's ledger, enter that amount as a part of the total shown to be due on the "accounts receivable" page, and on the proper "merchandise" page, see that a \$1.50 credit is entered, showing that amount of stock surrendered.

Some businesses use a filing card for each individual credit sales account and others a series of looseleaf ledger pages. The routine is the same—posting of the sales of the bill or sales slip, the debit to the customer on his individual card and the credit to him when he pays; with the proper entries to merchandise, accounts receivable, and cash. The card or looseleaf system is easily expanded or changed to suit your individual needs, and is especially adaptable to small or irregular accounts and to the business where many bookkeepers are required on the accounts at one time.

It is a common practice to handle the accounting of a business without other books than this ledger of charge accounts, the purchase ledger, the cash book, sales slips and invoices. Profits, expenses, the balance sheet and the present worth of the company are not given by these accounts. Such a system is not complete; a general ledger is necessary to round out your business information. This final ledger focuses upon one page your total merchandise received and sold;

Where to Enter	A Credit Purchase	Outgoing Cash		A Credit Sale	Incoming Cash	
		Remittance on Account	Cash Purchase		Payment on Account	Cash Sale
Journal or Record Group of Books				(1) Bill or Register, of Sale		(1) Bill or Register of Sale,
		(1) Cash Book	(1) Cash Book		(1) Cash Book	(2), Cash Book
	(1) Invoice Register					
	(2) Journal	(2) Journal	(2) Journal	(2) Journal	(2) Journal	(3) Journal
Ledger or Balance Group of Books	(3) Individual Ledger, Account	(3) Individual Ledger Account		(3) Customers' Ledger	(3) Customers' Ledger	
				(4) Accounts Receivable	(4) Accounts Receivable	
	(4) Accounts Payable	(4) Accounts Payable				
		(5) Ledger, Cash Account	(3) Ledger Cash Account		(5) Ledger Cash Account	(4) Ledger Cash Account
	(5) Merchandise		(4) Merchandise	(5) Merchandise		(5) Merchandise

Figure 5: Books or specific accounts in which to enter everyday transactions are shown in this chart. When you receive or pay out money, whether the transaction is for cash or credit, your first entry is at (1) under the proper heading, then at (2) and so on.

on another, your accounts payable; on a third, your accounts receivable, and on other pages your cash totals; your various groups of expenses and whatever other items are desired; it gives a close check on your physical inventory and keeps you apprised of your expenses, profits, and standing. The principle is simple—debit against credit with the record of all business transactions and a balance struck under the headings that are important to you.

The general ledger focuses the financial secrets of the business. It is an epitome of the whole business and, like the storekeeper's purchase ledger, belongs only in the hands of the proprietor or those of a responsible bookkeeper.

ANY BUSINESS MAN MAY HERE FIND A
VALUABLE ACCOUNTING HINT

In almost any business one or more special books can be devised for the sake of convenience in separating or following certain classes of transactions. The business man who makes many purchases will use an invoice register (Figure 4) where he keeps track of bills for purchases until they are checked with the goods and paid. Should the original bill be lost, the register tells the accountant when to forward a check in order to take the discount. Where bills are few and easily borne in mind, however, they are first checked against the new stock, then entered in a ledger and finally placed in a tickler file under the discount date.

If cash transactions are numerous, you may avoid the transfer of details by keeping a daily cash sheet or a system of petty cash vouchers from which totals only are posted to the regular cash book. Other memoranda, in book form, are often kept about notes payable and notes receivable. The register where checks are listed as issued, is now usually replaced by a plan of making carbon copies of all checks and posting

to the ledger cash and other accounts from these slips.

Such impersonal accounts as merchandise, expense, profit and loss, occur only in what is termed double entry bookkeeping. You hand your monthly rent to the landlord and credit cash, but your books tell only half the story if you neglect to debit the cause—your rent account. Double entry meets this need, splitting every transaction into cause and effect—thing and reason—and recording both.

When you make single entry of a transaction—when you keep purely single entry books—you do not split up a transaction. You disregard rent, merchandise, accounts payable, and keep only strictly personal accounts—what you owe and pay others; what others owe and pay you. In case of a dispute over your rent for the past year, you would have to pick out the rent payments from among purchases, wages, and miscellaneous cash items. What slight additional work double entry causes, it is likely to save in the end. While on many unusual items double entry would require two ledger pages as against one in single entry, by adding the credit slips, you can handle 500 credit sales by a single entry on each of 500 customers' cards, together with only two additional entries—one total to accounts receivable and another crediting merchandise. Because of the information given, a simple but complete double entry system is likely to prove valuable to the man who wishes to progress because:

1. You cannot get a profit and loss statement from single entry accounts without detailed work; you cannot check your net profit or show which lines pay best. But you can get a profit and loss statement from the books, can check it and show the sources of gain or loss with a double entry accounting system.

2. By counting or valuing your impersonal items physically, you can get a statement of assets and

liabilities. Double entry focuses naturally into a balance sheet that is reliable.

3. Single entry furnishes no check upon the accuracy of your bookkeeping. The various accounts in double entry work, including balance sheets and profit and loss statement, prove your work.

4. Without unnecessary routine and partial double entry you can keep only personal accounts. Double entry allows personal, real, and nominal accounts, showing not only the party to the transaction, but the complete exchange and the division of price into whatever costs, profits, and mark-ups are desired.

5. With single entry the accuracy of posting can be checked only by cumbersome methods. With double entry, trial balances regularly prove your postings with little effort.

6. Present worth, stock on hand, general expense, and factory costs are not available under single entry. Double entry will conveniently furnish figures which establish loss in case of fire or burglary, as well as whatever cost totals and statistics are desired.

Cost accounting merely carries further one phase of double entry bookkeeping, that of keeping accounts with things as well as persons. In organizing your cost accounting, you merely reserve a ledger page or account for each department or division of the total cost which seems significant. Your scheme of division is elastic and can follow the departments in the store, the individual products of the factory, or costs that go into office operation, farming, or contract work. When you know what a line of goods or a class of work is worth, you can prevent a cut in price and reassure yourself about the tendencies of your business.

Modern bookkeeping is built around this idea of testing the various parts of business so that your business may be expanded in profitable directions, and

any sign of sick business can be cured before it spreads to serious dimensions.

When you install a new set of books or make over your old system, therefore, study your business carefully and guide yourself, not by the forms of bookkeeping routine, but by the principles. Aim to secure the least involved system which gives you absolute accuracy, promptness, and the figures on which you must build for success. Look beyond the forms and get records that are accurate, balances that clear your vision of details and spotlight the particular totals which prove your success, your mistakes, and your standing, with, finally, such statistics as give you a picture of your tendencies.

Now that we have seen what the fundamentals of accounting are for any business, let's examine some records used effectively in various lines.

PERHAPS THESE RECORDS WILL FIT WITH SLIGHT
CHANGES INTO YOUR BUSINESS

First we will look into an architect's records that enable him to keep track of his business without devoting too much time to his books.

From the coat pocket the architect drew a note book.

"I paid 25 cents for this a year and a half ago," was his comment. He pointed to a fairly large sheet of paper that occupied half of the space under the glass pad on his desk. "That," he said, "I drew up myself once when I had a spare half hour." He pointed out an ordinary 3 by 5 card that lay on his desk and remarked: "My time card!"

"I am the most systematic person in the world," the architect continued. "And those are about all my records. I don't mean to say there aren't one or two other books I keep, but these are my day-by-day guides, that tell me exactly where I'm at, and help me make more money."

The successful architect is a man with a wide acquaintance among the classes of persons who are likely to become builders. He quickly learns to take note of projected buildings, in order to follow up the prospective owners, and secure for his own office the work of designing the building.

This is the purpose of the architect's pocket note book. Whenever he gets wind from any source of a projected building, he makes a note of it. Sometimes he secures his information from news notes in the daily papers; more frequently he gets advance information from the people he associates with, and from the regular commercial agency reports. If the prospect has in mind constructing a building of the class the architect is used to handling, he makes a personal call on the owner.

The second record which the architect pointed out as one of his essential guides proved to be a schedule of jobs under way. The architect does much of the superintending of jobs himself, and this record keeps him familiar with just what is being done. As soon as he has secured an owner's word to go ahead and draw up plans for a building, he makes an entry on this schedule sheet. The sheet is illustrated in Figure 7. Across the top are a number of column headings, each designating one particular phase of construction work, or work in the architect's office. Together, these headings constitute a list of all the things which the architect must see completed according to specification before he can report the building satisfactory to the owner. Under each general heading of this sort are two smaller column headings, designated, in each case, by the letters S and F. The letter S stands for "started"; and F, for "finished."

Running down the column at the extreme left side of the schedule is a series of numbers, with one number to each line. As a job is received, it is given the next

unoccupied line on this schedule, being known from that time forward through all operations in the office by the number it receives on the schedule. In the second column, which has for its general caption "detail," one or two words are written to identify the building at a glance for the architect.

"You see," he says, "I might not remember at once whether number 3 was the school building for Roth, or the residence for Murphy. Ordinarily I do not have a large number of jobs on hand at once, but I make the notation for future reference. This happens to be the Roth building, so I have written in here 'Roth School.' I might get the same result by having a card index to identify my numbers. But don't you think this is the simpler way?"

Consider the first column heading at the top: "Preliminary sketches." On the Roth building—number 3—the record shows that these were "started" on February 25 and "finished"—that is, they received the owner's O. K.—on March 12. "Working drawings"—the next column heading—were begun immediately: March 13; and were finished March 25.

IN ALMOST ANY TYPE OF BUSINESS, A RECORD LIKE
THIS SHOULD PROVE HELPFUL

These entries indicate how the schedule is written up throughout. With this record, the architect has in front of him at all times an exact statement of progress on every building for which he is responsible. He puts in the "started" dates just as soon as the contractor begins the various portions of the work, and the "finished" dates as soon as these are completed to his satisfaction. Therefore, he can glance across his schedule sheet at any time and tell exactly the condition of every one of his buildings. He can check up progress, and knows at once where construction on some building is falling behind; where, on another, it

is satisfactory; and where, on a third, it is beating the regular schedule.

The architect's time card is very simple. It merely lists the half hours in a working day, one above the other. When he is working on a job, he checks off on the card the approximate time he spends on it. For example, on Monday morning, he may work from 8 to 9:30 on preliminary sketches for a hospital. He writes the information on a card, checks his starting and finishing times, notes also on the card the office number which is assigned to the hospital job, signs his name and takes a fresh card when he states a conference with Brown about a proposed moving-picture theater. His draftsmen keep the same kind of cards. At the end of the day all the cards are filed in trays behind guide cards bearing the different job numbers.

The architect pays himself a salary which he figures on an hour basis. When a job is completed he figures his labor time cost from these cards and posts it as a lump sum to the page in the ledger in which the job is recorded. There is no waste effort in keeping this record, but it gives a certain check on the cost of each job, and shows him whether or not he has made a satisfactory profit.

The pages of the ledger mentioned are numbered and indexed in the same way as the files. The Roth building, for example, is detailed on ledger page 3. Besides the ledger, the architect also keeps a small cash book to record incoming and outgoing moneys and a journal of non-cash transactions, from which he posts to his ledger. These records, altogether, require but a small portion of time—perhaps it is necessary to make an average of half a dozen entries per day.

The schedule is the driving record in the business. It shows exactly how much work is ahead, and when too large a proportion of the squares are filled in, it becomes evident that more work must be sought. It

HOW ACCOUNTS ARE KEPT

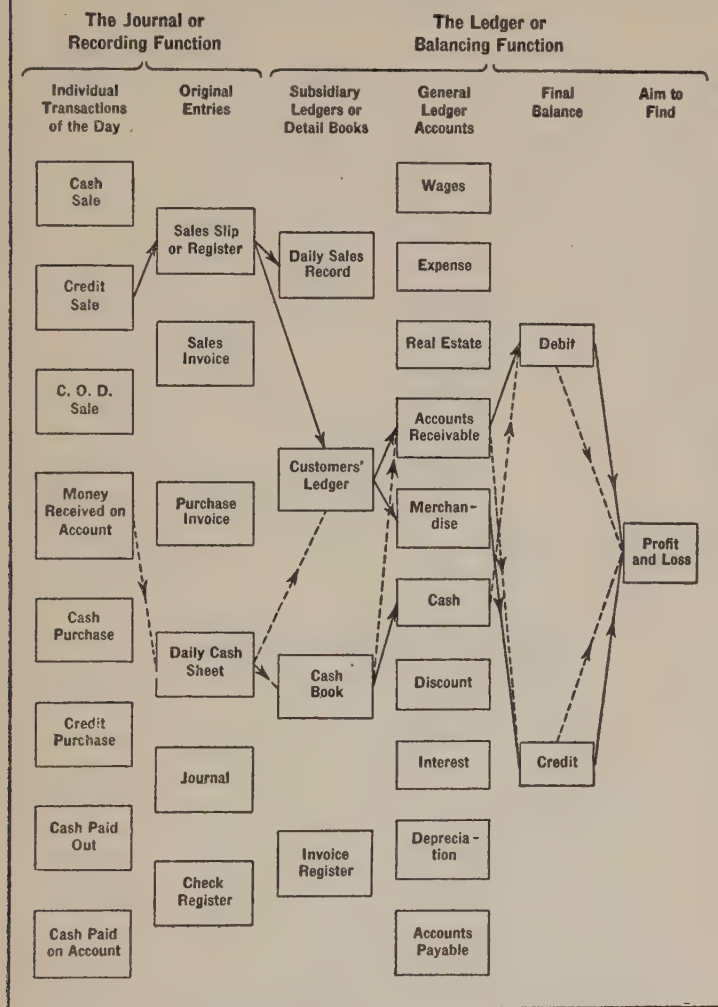


Figure 6: How typical transactions work through the books to the final summing up of profit and loss is shown in this chart. First to obtain a fundamental knowledge of accounting is declared by many to be a requisite to any successful business man.

also shows when the amount of work ahead is becoming especially heavy.

A good feature of the numbering system which the architect uses is the way in which it can be extended to the numbering of drawings. Different drawings for the Roth building, for example, can be numbered according to any method desired, and will always be indentified as belonging to the Roth building by having the figure 3 prefixed to the distinguishing number. Thus, a drawing numbered 3-117 might be a full size detail of the brickwork in the Roth school building.

"My aim," says the architect, "is to know everything essential about my business, and yet not have any more records than I need. I believe, with these few records I keep, I could bring an outsider in here and have him perfectly familiar with the routine of my office in 10 minutes."

A FEW MINUTES A DAY ARE ALL THE TIME THESE
EFFECTIVE RECORDS REQUIRE

Now we will go on to a lawyer's records. They will make clear to us how the lawyer, by spending a few minutes daily, keeps track of what he does.

"Other factors considered," said the lawyer, "we try in this office always to make the same charge for the same service rendered."

He went on to explain what some of the "other factors" were, and one soon ceased to wonder why the senior member of another firm down the hall believed that it didn't pay a lawyer to be systematic.

"I believe it does pay," went on this man. "In fact, I know it pays me. Up until a couple of years ago I used little or no method in handling the record end of my business. But gradually, as I took on more and more work, I began to find that I was letting charges that should have been made slip my mind. One day, for instance, I met a friend and client of mine,

and he asked me when I was going to send him a bill for the amount he owed me.

"When I got back to the office I looked the account up. I found that no record of any kind had ever been made of nearly half a day's work I had put in searching authorities to solve a point for this man. Consequently, no bill had been sent. I concluded that other instances of the same kind were probably occurring, and it was time to keep a closer check. Now I have succeeded in making my record-keeping a matter of habit, and I have given the other members of the firm the same habit."

The lawyer produced a 6 by 8 pad.

"That," he said, "is the basis of the system we use; it is our time card."

One sheet from this unique record is reproduced in Figure 8. Observe that this sheet is divided into sections by perforations. On each sheet there are 10 of these sections. Each task which the lawyer takes up he notes on one section and a full sheet is ordinarily sufficient for the record of one day's work.

As soon as he finishes a task for which some client is to be charged, the lawyer writes in the space, under the heading "detail," just what he has done. In the "charge to" column he notes the name of the client to whom the work is to be charged. In the final column at the right—the "amount" column—he notes the time that he has spent on this particular work, or, if the work constitutes a complete case by itself, he notes in the column the sum that he wishes to charge his client.

The time record is written in triplicate. The original and the first carbon copy are thin sheets of paper, but the second carbon copy is taken on a strip of fairly heavy cardboard. Of these three sheets, the original is kept by the lawyer himself and is filed as a complete record of his work from day to day. The

second and third sheets go to the office clerk. He keeps the second copy intact, and uses it as the basis on which to make postings to the other office records. The third copy he tears into strips along the perforated lines, this process leaving him with a number of card records of charges.

It should be mentioned that each case coming into the office is given a number. Thus, if one of the lawyers is held on a retainer fee to a certain client, that client is given a number. It is the same with other cases and clients. Therefore, the clerk writes the number of the case in the column at the extreme left on the third copy of the time record. He files the sections according to these case numbers. In this way, all charges and the record of time spent for any client are assembled conveniently in a single place. When the case is finished, or at a convenient time each month, the members of the firm get together and decide on the amount to be billed in each case.

One big advantage of the time record is in connection with clients who have advanced retainer fees. The record shows how much time has been devoted to their work, and at the end of the contract period a summing up of the record shows whether the fee was estimated correctly. If a client demands too much of the lawyer's time, a larger retainer fee must be fixed.

The clerk, as soon as charges against a client have been fixed, files "dead" all the cards standing against this client that have been considered in the charge. These are kept for a certain period as detail records, but a summing up of them, together with the amount of the charge, is entered against the client in a looseleaf ledger. When the client pays the bill, he is, of course, credited in the same place.

A time sheet used by the members of another firm is shown in Figure 9. Only one copy of this sheet is made, and it does not have the advantage of allowing

DETAIL	PRELIMINARY SKETCHES		WORKING DRAWINGS		FULL SIZE DETAILS		SPECIFICATIONS		BIDS		EXCAVATION		FOUNDATION		SUPER-STRUCTURE	
	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F
1 Harkness, H. A.	7/6/17	7/26/17	8/2/17	8/10/17	8/9/17	8/24/17	8/26/17	9/9/17	10/1/17	10/2/17						
2 Hunt, D. B.	8/9/17	8/30/17	9/12/17	9/24/17	11/6/17	11/24/17	12/19/17	12/23/17								
3 Koch, School	12/25/18	1/22/19	1/23/19	1/25/19	1/29/19											
4 Murphy, H. A.	2/24/19	3/28/19	3/1/19	3/9/19	3/11/19	3/12/19	3/21/19	3/24/19	3/19/19							
5 Stillson, K.	8/28/19	9/1/19	9/1/19	9/2/19												
6 Hardy, House	7/6/19															
7																
8																
9																
10																
11																
12																
13																
23																
24																
25																
26																
27																
28																
29																
30																

Figure 7: Above is shown the schedule sheet on which one architect keeps track of jobs ahead. His time card and record book supplement this schedule sheet in his effective system.

HUGHES, BROWN AND HARRISON			
RECORD OF _____		FOR _____ 191 _____	
Office Case Number	Detail	Charge to	Amount
302	Argument before Judge Brown, Dietz vs. Kirby	Dietz	3 hrs.
361	Conference with Haynes re. proposed suit against City R.R.	Chas. Haynes	3/4 hr.

Figure 8: The sheets shown here are put up in pads, 6 by 8 inches in size, and each day's record is written in triplicate. The first and second copies, on sheets of writing paper, are kept intact.

filing by cases, as the third carbon of the other time sheet does. The distinguishing feature in connection with it is the column at the left, which shows the working day divided into 15-minute periods. This record, at the end of the day, goes to the office clerk, who enters each charge—no matter whether it is expressed in hours or dollars—against the proper account; and at the billing period the amount to charge is definitely determined.

A dentist's records at first glance might appear to be difficult to make effective, but one dentist with a few simple books records the day's work. The record system of this dentist, worked out with care and thought through many years, proved indeed simple; yet it was also comprehensive.

FIVE BOOKS AND A STANDARD SIZE FILING CABINET
COMPRISE ONE MAN'S SYSTEM

Five books and a standard size filing cabinet form the "system" of the dentist referred to above. The number of books sounds formidable. But in practice the books themselves are not so. They are as follows:

1. Appointment book
2. Day book
3. Cash book
4. Patients' ledger
5. Ledger of purchases

Appointments are recorded in an 8 by 10 book, ruled in such a manner that the six working days of each week are shown on pages which face one another. This makes it possible to schedule hours with exact reference to work ahead for the entire week.

The days are divided into hours and half hours, and one line is allotted to each division. In order to bring out with still greater clearness the hours which are engaged ahead, the dentist has provided next to the

"hour" column another column which is divided into six sections for every hour. These sections are numbered: 0, 10, 20, 30, 40, and 50, and the numbering is repeated for every hour. Whenever he makes an appointment, the dentist estimates the time he will need to devote to the patient. If the appointment is for 10:30 Thursday morning, and will probably last 40 minutes, he draws a rough pencil line downward through the 30, 40, and 50 divisions under 10 o'clock, and through the 0 division under 11 o'clock.

This, seemingly a small detail, has become a very important factor in regulating the day's work and enabling the dentist to use every minute to the best advantage. A portion of a page from the dentist's appointment book is shown in Figure 10.

When a patient requests the dentist to call him at some future date, or when a patient makes it a point to have his teeth examined and treated at regular intervals, the dentist notes on his date pad the time when he should call the patient and make an appointment. The matter of appointment therefore, cares for itself automatically.

Details of the treatment afforded each patient are recorded in the day book. This is an 8 by 10 bound volume, and the entries are made chronologically, patient by patient. Columns are devoted, in turn, to the date, the patient's name, a record of just what was done and the charge; and, if the patient pays in full or in part, it is credited in another column.

The cash book which the dentist uses is a bound book; a simple day book style of journal, in which columns are provided for dates and details. There are two amount columns; in one, amounts of incoming cash are debited; in the other, outgoing cash is credited.

When sums of money are received during the day on old accounts, they are charged at once in the cash book. When, however, a patient pays at the time the

work is done, the amount received is entered in the day book, as explained above. At the end of the day these incoming sums are posted from the day book to the cash book, as a charge to cash.

Charges as well as credits in the day book are posted to the patients' ledger each day. This ledger is a looseleaf volume, and its pages relate the history of the business. A single page is devoted to each patient. Each page contains a mouth chart, and also has space at the top for the patient's name and address. The rest of the space is devoted to the date and details of each treatment or transaction, and to the columns recording amounts charged and received.

Postings to this ledger are made from both the day book and the cash book. Inasmuch as items are also posted from the day book to the cash book, double work seems to be performed. But, as a matter of fact, this doubling up only serves to insure accuracy, and does not materially increase the amount of work performed. The day book postings are made first of all—cash receipts to the cash book, and then complete entries to the ledger. Then the cash book receipts for the day are posted to the accounts affected; only, care is taken not to post a second time an amount that has already been posted from the day book. The two figures are simply compared, and an error is caught and rectified.

When a payment from a patient causes his account to balance, a red line is drawn across the amount columns, immediately under the balancing figures. Having this line is a material help to the dentist at month ends, when he comes to make out statements against his patients. He can finger through the pages of the ledger quickly and see at a glance which accounts are open, which are closed.

When a page is balanced in this way it is at once removed from the book and filed in a folder in an alphabetical index file in the dentist's letter cabinet.

CARTER, SPENCER AND HALL

Daily Record

Date February 21 1918

Name J. Carter

Hours.	Nature of Service	Charge	Amount
8:30 A.M.	Examination of Authorities - Cutler vs. Cutler	John Cutler	1 hr.
8:45			
9:00			
9:15			
9:30			
9:45			
10:00			
1:45	Dictation of brief in Cutler vs. Cutler	J. Cutler	1 1/2 hrs.
2:00			
2:15			
2:30			
2:45			
3:00			
3:15			
3:30	Interview A, B, & C, witnesses in Johnson vs. Kelley		
3:45			
4:00			
4:15			
4:30			
4:45			
5:00			
5:15			
5:30			
5:45			
6:00 P.M.			

Figure 9: This form is novel because of the division of the day, in the left-hand column, into quarter hour periods. It has proved very effective. While it happens to be a law firm's form, it is readily adaptable to many lines.

This keeps the ledger clear of all superfluous and "dead" material. Only open accounts, and the accounts of those patients for whom the dentist is doing regular work, remain in the book. This makes the record a very workable one. Statements are sent out the first of each month.

The purchase record is the final book which the dentist keeps. It is very simple—in fact, a mere ledger account with the different houses he buys from. It serves to show him exactly what the materials of his profession, his tools, rent, office furnishings, and so on, cost him in the course of a year. Set against his income from his work, these figures show him just how much he is making and indicate whether his charges are sufficiently high to earn for him the kind of income that his ability should command.

"THESE RECORDS TELL THE WHOLE STORY OF MY
DAY'S WORK," SAYS ONE MAN

Finally, let us examine the effective records which help to keep one doctor's head above water.

"A very simple record—but my constant guide," said the doctor as he pulled a leather-covered booklet, 6 by 4 inches in size, from his pocket. "The whole story of my day's work—the money end, at least, goes into this little book."

He opened this day book to a typical page to show how it worked. The page is reproduced in Figure 11.

As a rule, physicians take care of their own records. Consequently, those records need to be simple, in order not to take up too much time. Simplicity, however, is not incompatible with an accurate record of those essential details.

That is what makes this physician's system so effective, its complete record of essentials and disregard of non-essentials. Even the regular phraseology of bookkeepers is disregarded where the usual

Thursday, January 15					
8	0 10 20 30 40 50		1	0 10 20 30 40 50	
8:30		Mrs. L. D. Johnson	1:30		
9	0 10 20 30 40 50		2	0 10 20 30 40 50	C. F. Casey
9:30			2:30		
10	0 10 20 30 40 50		3	0 10 20 30 40 50	
10:30			3:30		Mrs. A. D. Monroe
11	0 10 20 30 40 50	Mr. A. F. Weston	4	0 10 20 30 40 50	
11:30			4:30		
12	0 10 20 30 40 50		5	0 10 20 30 40 50	
12:30			5:30		

Figure 10: Making appointments so as to save time both for himself and his patient is an important matter for the dentist. With this card the dentist has before him a picture of how busy each day is going to be.

D—DUE — PAST CHARGE V.—VISITED PATIENT C.—PATIENT CALLED M.—MEDICINE									
		DETAIL				COMING IN		GOING OUT	
DATE	ITEM	D.	V.	C.	M.	CHARG- ED	RECEIV- ED	SPENT	PAID
7/29/17	Harrison, John	✓			50	4 50			
	Sam'l Colfax		✓			1 00	1 00		
	Capsules-24/ (2 dog box)							7 50	
	Carter, F. H.		✓		60	5 60	2 00		
	Harris, E. C.	✓					5 00		

Figure 11: Here is shown the doctor's day book, in which he enters each transaction as it occurs. Provision is made for everything that comes up in the day's work as an ordinary occurrence.

terms do not make for simplicity. For instance, instead of the usual Dr. and Cr. abbreviations the doctor's useful little day book has the two columns shown at the right captioned with phrases that define the technical terms better, yet mean the same thing—"coming in" and "going out." This simplifies bookkeeping for the man who is not an expert accountant.

The "coming in" column is subdivided into "charged" and "received" columns; and the "going out" column is similarly subdivided into "spent" and "paid" columns. The "detail" section gives a complete history of what happens in each case. The letters D, V, C, and M, are explained by the key at the top of the page. When any one of the first three columns is affected by an entry, the physician simply places a checkmark in the proper space. In the last of these four columns, however, the one for medicine—he notes the amount charged.

The separate items as they are entered show how the day book works. On July 29 the physician called on John Harrison. The V checkmark indicates the call at the house. This patient required 50 cents' worth of medicine, and the physician charged \$4 for his services—making a total of \$4.50 in the "charged" column. The patient did not pay at the time of the visit. Otherwise, the amount would appear in the "received" column.

A little later Mr. Colfax called at the office. The physician charged him \$1 for examination and advice—no medicine. The patient paid before he left. Next the physician himself purchased some medicine for stock—worth \$7.50—for which he did not pay at the time. If he had paid for the medicine, the amount would appear in the "paid" column.

Mr. Carter came in next. He required 60 cents' worth of medicine, and the amount charged him for

time and services was \$5. He paid \$2. Next in order the physician received \$5 from a Mr. Harris, on an old bill. The checkmark in the D column indicates that the sum had been charged at an earlier date.

Those five transactions cover nearly everything that could come up on the day's work. Two others might have occurred. For instance, the physician could have bought something on the twenty-ninth, and paid for it at once; or he could have paid an old bill. Those two transactions complete the list of seven possible transactions, all of which are compactly taken care of by the record.

The ragged edges in this book, from the physician's viewpoint, are the things not completed. They are, first, the charges made for which full payment has not yet been received; and second, bills incurred but not paid. The latter are not apt to be numerous—the former are somewhat so. Therefore the physician has ledger cards to catch up these loose ends.

These cards are simply the common little 5 by 7 cards that can be bought ready-ruled nearly anywhere, with columns for charges, credits, and balance. At the beginning of each day the physician goes through this day book and posts these cards.

"The number of entries for a single day," he says, "average only 20 or 30. Of these, the number that have to be posted very seldom run more than 15—sometimes not more than 10 or a dozen. You see, when a man pays up at once I don't have to post at all. So my bookkeeping task is not arduous."

First the "coming in" charges are posted. The cards of all patients whose accounts are open are filed in a little tray by themselves, back of an "unsettled" tab. "Settled" accounts are filed in the same tray, but behind a "dead" tab. The physician puts each card in the latter classification as soon as the account is cleared up. Therefore, he has always before him

the means of knowing exactly what sum of money is outstanding and due him. Also, when he sends statements he does not have to go through a large number of cards that are dead.

The items that are "spent" but not "paid" and also payments on past-due bills, are posted in the same way. These two files, therefore, give a complete record of assets and liabilities in unpaid bills.

One other record completes the set—the cash book. Totals only are posted to it, and the posting is done whenever a day book sheet is full. Items in the "received" column are totaled and posted to the debit of cash; and the totals of items in the "paid" column are cash credits.

With these three books, the physician can at any time take a balance and find where he stands as a physician-business man.

To strike a balance, from the experience of business men successful in devising effective accounting and recording systems for their businesses, it appears that three requisites must be contained.

1. The system used must be adequate—it must tell the whole story.
2. It must be simple—so all the business man's time is not spent in keeping it up.
3. It must be one which quickly separates essentials from non-essentials, one from which an accurate statement can be drawn off quickly.

Bearing these facts in mind, any business man, aided by the practical helps given in this chapter, should have small trouble in devising an accounting system which will keep him in close touch with the pulse of his business, without his constant presence at the patient's bedside—the bookkeeping desk.

CHAPTER III

KEEPING THE BOOKS CLEAR OF BAD DEBTS

HOW can I get my customers to pay up promptly? How can I reduce my collection expense? Is there a way to keep my books free of bad debts? These are questions you probably have puzzled over, for they apparently are worrying almost every business man. Some business men upon investigation have been amazed to find large amounts of their money tied up in old, unpaid accounts—money that they thought “would come in if they gave the debtor time,” but which in many instances never materialized.

“I believe the greatest trouble is due to a lack of a definite understanding with the customer when the business man takes the account,” says a doctor. “Taking too much for granted usually is expensive in the long run. It’s always hard to satisfy a man that your price is right when he had no idea in the first place about what the charge would be. Especially does this apply to a professional service charge.”

When a patient comes to this doctor, he diagnoses the case and tells him approximately what it will cost to treat him. Immediately after the treatment he asks for a payment on the account. He expects a partial payment after every treatment, on the presumption that in the end the patient is better off, because his bill is less. The doctor, too, has a much smaller account to collect.

“Business men are doing both themselves and their customers an injustice by not demanding regular

payments," declares this physician. "The sooner we acquire 'sand' enough to ask our customers for what is due us when it is due, the more money we will make. Doing a big volume of business is of little avail to us if our hard-earned money remains on the wrong side of the ledger."

A similar opinion is expressed by a dentist, who declares there would be fewer bad debts if professional and business men sent out statements regularly every month. He urges monthly statements regardless of the amount of work done. He is satisfied that a debtor would rather pay a bill in instalments than to pay the whole account at once.

Sometimes contracts provide that payments be made in instalments. Most architects, for example, are paid in this manner. They receive their pay in percentages at different stages of the completion of the work. Frequently the architect gets his allotments at the same time the contractor receives his. Such a method appears equitable, and there seems to be no adequate reason why other business men who render a service running over a considerable period of time should not be paid in a similar manner.

A Wisconsin real estate man avoids bad accounts to some extent by adding the following announcement to all contracts and leases:

TAKE NOTICE!

Rents for all buildings are to be paid strictly in advance, and may be brought to agent's office, or paid to property owner, as arranged with agent. Any tenant failing to pay the rent within three days after due, must give security, or vacate building at once and return keys to agent or owner of property.

Frequently payment on a bill is held up because the customer or client does not thoroughly understand all about the services performed. To bring about prompt payment, a lawyer itemizes every statement.

Before itemizing his statements, he found that several of his best clients were holding up their payments, not because they felt the charges were unjust, but because they wished to know just what they were being charged for. Itemizing the account, he says, requires only a little additional effort, and minimizes the possibility of "come-backs."

THE EXPERIENCES OF THESE TWO MEN ARE AT ONCE
A WARNING AND A HELP

Investigating the responsibility of your customers before dealing with them always is wise, business men agree. Witness the experiences of two contractors. One had \$65,000 in old accounts on the books—the other had not had a single loss for over two years. What is the secret of the second man's success? He declares it is because he will not do business with any except reliable concerns. He does commercial contracting mainly, and knows most of his customers personally. If he does not know the prospect, he gets a report on him from a local credit rating agency. This report costs him only 50 cents, and he says no half dollar can be invested more wisely.

Business men frequently can work together in establishing a local credit agency, and thus defeat the professional bill dodger. For example, in Illinois, the business men in 128 towns and cities have organized a credit association.

In each city a local credit association acts as a clearing house for information regarding bad debtors. As a result of information exchanged through a central association, the man who refuses to pay his bill in one town finds it impossible to secure credit from a firm in another town. His record is known.

If he moves to another part of the state, his situation is no easier, for the first question asked by a member of the association in getting facts on which to base credit

is "Where did you live last?" The customer's record, forwarded from his former place of residence, immediately checks any attempt to do business at the expense of others. The association thereby saves its members from loss and automatically locates the debtor for the benefit of his creditors.

A local association to furnish business men with information similar to commercial agency service can easily be organized, it was found. The dues required to keep one up are low—merely enough to maintain a secretary and office organization is all that is required. Such associations investigate the exact responsibility of every one of the buying population of a town, and, when possible, cooperate with firms in nearby towns in order to obtain information concerning new residents. Every member pledges himself on joining to extend credit to no one on the delinquent account.

In one instance, business men in an Indiana town began war on sulky debtors by an announcement in the local newspapers outlining the scheme and enumerating the benefits of giving credit only to people entitled to it. Newspaper advertisements demonstrated that the man who defrauds practically compels honest buyers to make up the loss. These announcements were carefully worded to secure the sympathy and cooperation of the public, and aroused favorable sentiment.

Every member of the association reenforced the newspaper publicity by a circular letter which called the attention of the "slow-pays" to the new scheme. On the first of the coming month, the letter said, every business man in the town was to furnish the association with a list of credit customers. The writer tactfully suggested that a payment of the balance due would put the debtor's name on the approved list. These letters got immediate results. Payments of slow and doubtful accounts poured in unaccom-

panied by any of the hard feeling that generally follows dunning letters.

Then each member sent to the secretary a list of all the credit accounts on his books, good as well as bad. The sheets used (Figure 12) classified the buying public into five divisions. The association member's number, known only to the secretary, distinguished his customer list from those of other members. Use of this secret "key" number prevented any firm or individual from identifying his competitor's past-due accounts and thus estimating his financial strength or the percentage of his losses from bad debts. This numbering eliminated doubts which might have arisen as to the safety of submitting such information.

PERHAPS YOU WANT TO FORM A CREDIT
ASSOCIATION IN YOUR TOWN

The members estimated the standing of customers by placing a checkmark in one of the five numbered columns. The secretary transferred the information carried on the sheets to a customer's card index (Figure 13). As a rule, several concerns reported every debtor. These various ratings checked on each other and were all noted on the customer's card by the business man's number and the column number. The secretary investigated any discrepancy in rating. The cards, filed alphabetically in a flexible horizontal file, readily permitted the insertion of newcomers' names. As a result, the secretary had up-to-the-minute credit information about everyone in his town.

The information contained on the credit cards is supplied to members of the association on mimeographed sheets in the following manner:

Feinstein, Yetta, 323 Yesler Way.....	: : :	:3:\$41
Ferdinand, Oscar (Wid.), 232 Howard St.....	: :1:4: :	
Fernald, L. T. (Martha), 716 Michigan Ave.....	1: : : :	
Frank, George, 321 State St.....	2:3: : : :	

These summaries are compiled by the secretary. The pages, filed in looseleaf binders, are revised from time to time. Five columns at the right of the page correspond to the five ratings. The figures in any column show the number of business men who have reported a customer in that town. By the book a member may instantly discern the credit standing of anyone in town, and if the showing is unfavorable he is required to withhold credit asked.

A Wisconsin insurance man says it pays him well to let the bank do his collecting for him. Customers, he declares, respect a bank's demand for payment more than they do his own. Whenever he takes a man's note, therefore, he indorses it, and leaves it at the bank for collection.

In practically every instance the bank has collected the interest punctually and has taken up the note on maturity. This business man is confident that he would not have realized a cent on many of his accounts had he carried them himself or had the debtors realized that his indorsement rendered him liable to the bank if they failed to pay.

Despite the closest watching of accounts, and in spite of the strictest guarding of credit, the business man's judgment will go amiss at times, and accounts will become overdue. What is the best method to collect them? Sending a collector is an effective way, but it is too costly for many one-man businesses. But the effective collection letter points a way out.

For collection purposes, debtors may be divided into three general classes—good pay, slow pay, and bad pay—and a certain type of collection letter is needed to fit each class. The chart in Figure 14 shows you how to make your letters classify your debtors. It should not be difficult for any one-man business to classify its debtors in these divisions, because most of its customers are well known to its head.

39

Central Merchants' Association

Note: It is Not Necessary to Sign Your Name to Sheets

Write Plainly

Always insert given name or initials. The address is important. The more information we get—the more we can give

Do It Now:

Rating sheet'

Read Carefully the Rating Sheet and do your Rating Accordingly

(Use Both Sides of Sheet)

Rating Code

1 Financially Good Prompt Pay
2 Prompt—Pays According to Agreement, Regardless of Means
3 Slow, but Safe to Credit
4 Risky, Doubtful Responsibility
5 Demand Cash

Surnames	Given Name or Initials	See Above Code					Address Give Street and Number	How Employed	Married	Single	Widow	Widower	Property Owner	Whoever You Rate in Column 5, If Indebted to You, Place the Amount Here.
		1	2	3	4	5								
Adams	W. F.				✓		131 Prentiss Ave.	Laborer	✓					
Baker	T. A.	✓					111 Lake Ave.	Foreman	✓					
Benson	L. H.			✓			316 Utah St.	Ry. Conduc.				✓		
Butler	Mary				✓		488 Fifth St.				✓			\$13.20
Craig	H. E.		✓				228 Madison St.	Clerk	✓					
Custer	L. V.		✓				621 Washington St.	Clerk	✓					

Figure 12: Business men and merchants in an Indiana town furnish the names of credit customers to their association on rating sheets like this. The merchant's number appears in the upper left-hand corner.

Frank, George.

432 State Street.

66/1
73/1
22/2
46/2
17/2

Figure 13: After receiving the rating sheet (Figure 12) the association secretary enters on this card the ratings given customers by each merchant in the town with whom he has dealt.

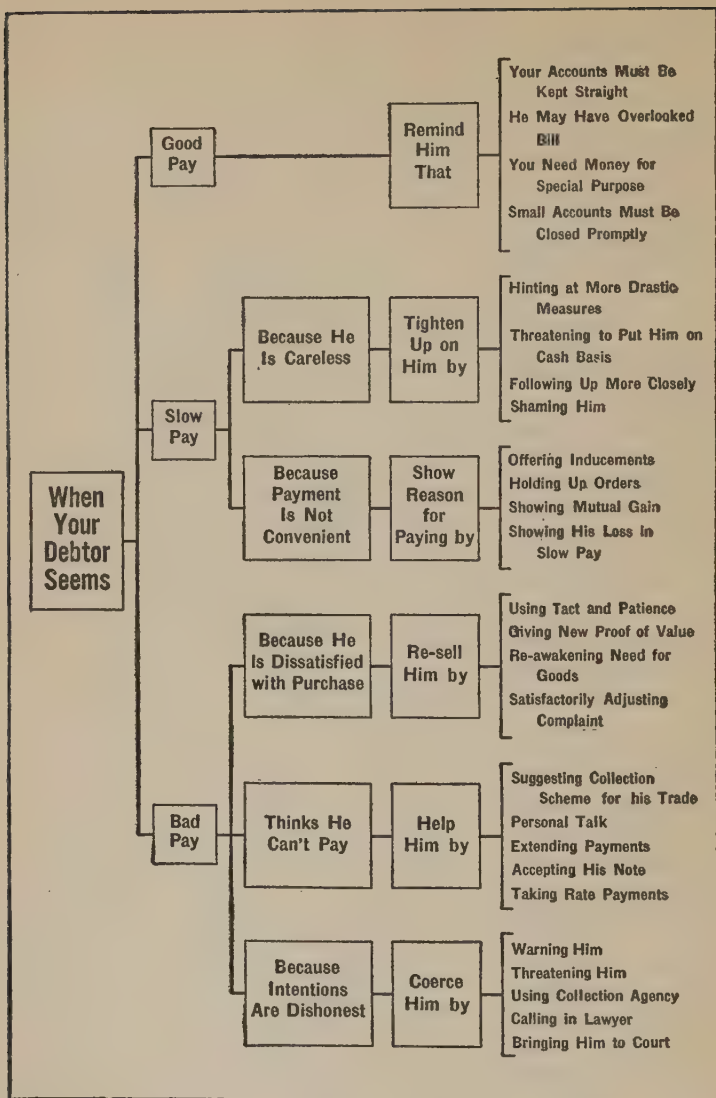


Figure 14: The debtor's reply to a letter usually indicates the type of argument necessary to bring in the balance due. The above chart classifies debtors, and shows the best ways to handle them. Begin with "good pay" arguments and proceed through the chart.

One business man says: "If you do not know the facts about your debtor, make the collection letter clear the way. Avoid the all too common mistake of showing irritation in your first letter to a debtor. Begin in a friendly, genial manner, and make the delinquent classify himself by his answer. Then take the proper steps to make him pay up in quick time. One or two form letters filled in and mailed by inexpensive assistants will dispel the doubts existing about a debtor and put a definite problem up to you. Your task then narrows down to that of selecting and presenting the type of appeal which fits the case.

"Straightforward talk, teeming with human interest, is the magnet which draws the dollars from the debtor's pockets. When you have classified your debtor, get on his side of the fence and look at the situation through his eyes. Make him feel from your first word that your interests and his are the same. The correspondent who learned that a customer's home has been destroyed by fire and offered an extension of time on an overdue account showed a lively appreciation of his delinquent's troubles and established cordial relations which settled a recurring business worry.

"Get the 'I'll-help-you' attitude in your letter. You will draw big dividends on that small investment. Let your debtor realize that your desires are his desires in a similar situation and state your case frankly in terms of a square deal. There need be no lack of dignity or firmness. You need no note of apology or humility. But give your letters life, get in intimate touch with your prospect.

"An analysis of proved collection letters shows this 'you' interest—the interest of the debtor instead of the collector—appearing in dozens of ways, limited only by the skill and experience of the writers. Wherever the 'you' motive appears and however it is applied, it can be placed under one of five general

divisions: pride, utility, caution, money, and self-indulgence. All these are common to humanity, and all human endeavor can be traced to them as causes. Study them and select the form in which you can best apply them to the debtors who worry you.

"If the delinquent is well known in his community, to bear down on the pride motive often will get returns. Hint at the humiliation and embarrassment which attend a suit for debt. An appeal to his sense of fair play and self-respect may get results. By showing your high esteem of the debtor's character and ability, you convince him that payment is his only way of keeping himself on the pedestal where you have placed him. Caution the cunning man who seeks to take advantage of your liberal business policies. Show him that his action is losing him more than the amount of his bill. And perhaps a hint of proof that you are in touch with his other creditors will do the trick and bring home the money to you.

"Utility touches all of your debtor's solid interests in life—the conveniences, necessities, and uses which credit, good reputation, and freedom from collection embarrassment supply.

"Remind the man who owes for trade or professional service, that inconvenience—loss of reputation—perhaps want—trails at the heels of non-payment, and you have made out a strong case.

WHAT DO YOU THINK COLLECTION LETTERS MUST
EMBODY TO GET RESULTS?

"Obviously, letters must be well written, concise and to the point if they are to secure results. To 'get across' successfully, a collection letter must fulfil the following requirements: First, it must grip attention; second, it must hold interest; third, it must present strong, forceful arguments; fourth, it must inspire immediate action.

"It is always wise to keep the man's education and business experience in mind. No letter should be written that the debtor cannot understand. Short, simple words and short sentences are preferable.

"Special attention should be shown to the opening of a letter. An eastern man got away from the usual stereotyped form by asking the question: 'Will you be good enough to let me know if the enclosed statement is correct or not?'

"With attention won, your next step is more difficult. You have to secure interest and make your man get well into your letter before he realizes he is being dunned. The schemes which you use to compel attention can be used to hold interest, or you can compare the advantage of paying with the disadvantage of not paying. Play up your customer's interests at this point and submerge yours.

"A Cleveland business man achieved interest by tempting his reader's curiosity. He led the second paragraph with the statement:

"This frank explanation is due you.'

"The line had a seductive ring that made the debtor read on into the letter.

"By getting the reader's attention, you turn his thoughts from other subjects. When you arouse his interest, you lead his thoughts to mutual affairs. Now spring the trap. With swiftly flowing sentences, brisk, brief, to the point, make your argument. Always present your case from your reader's point of view, avoiding as far as possible the question of benefits accruing to you and emphasizing advantages to the debtor. Select the motive—profit, pride, safety—the one most suitable for the prospect. You have, you remember, five classes of appeals to choose from—caution, utility, pride, money, and self-indulgence. The classification you have made of your debtor indicates the proper motive. Your knowledge of him,

gained through letters, business dealings, friends, and other sources, indicates the way it may be applied.

"Pride is the easiest motive of all to touch, I have found, for it is hard to find a man who doesn't care to stand well in the esteem of his neighbors and friends. Consequently strong collection letters carry the pride appeal well emphasized. One effective paragraph of the sort which has been used with great success by a Boston man reads as follows:

"'Have you not sufficient personal pride to protect your reputation for integrity? Would you care to have your neighbors and your friends know that you have tried to obtain part of the furnishings of your home without paying for them? And would you care to have an officer of the law replevin these furnishings from your home? I will ask you to stop and consider the notoriety and embarrassment which you would be forced to undergo should you be made the defendant in a suit for debt and have these details become public.'

"Too often, however, a letter which gets attention, holds interest and contains a strong argument loses its force in the final lines, because it lacks a 'do-it-now' element. The writer 'hopes to receive an early reply,' or 'trusts that it will receive prompt attention.' The reader, already moved to payment, often turns from his purpose at such a confession of weakness.

"Make it easy for the debtor to follow the chain of thought you have started. For example, enclose an envelop or a coin card, or if you know his bank, enclose a check which only needs his signature. Ask him, if the bill is small, to pin currency to the letter at your risk. The line, 'Don't bother with money order or draft; simply send us your check,' often is sufficient. Finally, instead of 'hoping' or 'trusting,' end with a sentence which expresses your confidence in getting prompt payment. One man says, 'Thank you for prompt payment.' Another closes with, 'Will

you kindly see that this account gets the attention it deserves?" There are dozens of other ways of closing your letter with a punch, but in every instance select the method which best fits the reader and prompts him to immediate, unreflective action."

Now, let's look at some of the letters that business men have used with success in cleaning up their books. A real estate firm renders its statements promptly on the first of the month. Payments are due on or before the fifteenth. If a renter is delinquent, he is called over the telephone and asked to explain the reason for the delay. If repeated attempts to collect the rent fail, the following letter is sent:

Dear Sir:

In checking over our books, we are greatly surprised to learn that your rent for December is not paid. We are taking this means of notifying you that this rent, together with the January rent, must be paid on or before 6 p.m., January 16, or we will be compelled to place the account in the hands of our attorneys.

The owners of the building have instructed us to take this action with any tenant whose rent is not paid by the fifteenth.

We have called on you several times, communicated with your wife, and endeavored to communicate with you, and all that we have received so far is promises.

We hope that you will understand our position and receive this letter in the spirit in which it is written. As agents for the owners, we must protect their interests.

Kindly send us your check prior to the last date named, so that we may continue our pleasant relations.

Thank you.

If this letter fails to secure a response from the tenant, five days is given him in which to pay or vacate the property. But it is only in unusual instances that this step is necessary. Where a tenant is ousted, his name and the circumstances are reported to the local credit association. If at any future time the debtor tries to rent, a report on him can be furnished by the credit association on short notice, and if unfavorable, he has a hard time securing a lease.

When a debtor promises to pay and then does not, one man sends him the following letter—after a reasonable time has elapsed:

Dear Sir:

At your solicitation we extended the time of payment on the above account, and should have received your remittance yesterday. Perhaps it will come to us in this afternoon's mail, but we have not yet received it in accordance with your promise, and hence this reminder.

We feel that you surely have remitted as you said you would, and hope that your letter has merely been delayed in the mails. But if you have forgotten your pledge, please "Get Busy" and mail it NOW — while it's fresh in your mind.

I can imagine just how you must feel about this, and thoroughly appreciate your position, for I, too, have made promises in good faith and afterward forgotten them. So I feel pretty certain that this reminder will bring your remittance, if you have not already sent it to us, and thus close an incident that might lead to a more serious situation.

Where no extension of time has been granted, but where a debtor has violated a straight promise to pay on a certain date, the same man sends the letter on the following page:

Dear Sir:

We are sadly disappointed that you have not kept your recent promise to send us a remittance to apply on your account. We believed you WERE SINCERE and that you would FAITHFULLY keep your WORD. It may be that unforeseen circumstances have prevented you from doing so, and if this is correct, don't delay giving it your attention now, so that we can credit your account and close an incident regrettable to us, as I am sure it is also to you.

Please attach a check to this letter and return it by the next mail.

"I have found these two letters most effective in getting debtors to understand that promises will not be accepted simply as excuses for delaying payment," declares the business man who sends them out.

Four form letters in series are used by the owner of a one-man business in an eastern town. These letters go to the debtor after ordinary efforts to convince him of his obligation have failed. The first letter, however, still expresses the writer's belief that the debtor is ready to settle and urges him to make it known if there are any misunderstandings regarding the amount of the account. It follows:

Dear Sir:

I hold in my hand a bill against you amounting to \$22.40. Anticipating your action, I will hold the matter open one week, so that you may see me in the meantime regarding payment.

If you have any valid reason why payment should not be made at once, please let me know it on receipt of this letter, so that I may adjust any difference or misunderstanding; if not, by paying this claim promptly you will save unnecessary expense for both of us.

You will certainly agree that good business methods do not permit a situation of this sort being left in its present unsatisfactory condition. Kindly give this notice the prompt attention it deserves.

Letter number two is firm, but courteous enough. The writer states he wants to avoid any unpleasant relations with the debtor, but he warns him that his patience is rapidly being exhausted:

Dear Sir:

Since you have not denied your liability to the amount of \$22.40 which I hold against you, I am led to believe that you concede the account as correct.

I expect to COLLECT this amount—amicably if possible, otherwise if necessary. However, I am sure you'll agree that confidential, friendly settlements are greatly preferable to legal publicity, which not only opens your personal affairs to public inspection, but yourself to general credit investigations and unfavorable credit reports.

I believe it will be to your advantage to cooperate with me to get this account closed quickly and pleasantly, and I suggest that you get in touch with me at once. I want to treat you fairly and will do so if you will give me a chance, but I expect reciprocal courtesy on your part.

In the third letter a time limit is placed on the settlement. The writer still remains friendly, however. This is shown by the fact that he emphasizes the desirability of settling the account amicably to avoid endangering the debtor's credit standing. Here it is:

Dear Sir:

I must request that you call upon me within the next 48 hours regarding my claim against you for \$22.40 and arrange for settle-

ment. I cannot delay action any longer. Why not save yourself the expense and annoyance incident to legal procedure?

When you contracted this debt didn't you intend to pay it? I have heretofore believed that such was your intention, but if your honesty of purpose still exists it would seem that you should make it a point to submit a definite proposition for settlement without further delay.

Does a man who has a high appreciation of what personal honesty or business integrity means delay payment until compelled to make it by court action? Is that what you are waiting for? Don't you realize that you are jeopardizing your credit standing by neglecting to pay this debt at once? Bear in mind that you alone rate your account and credit as desirable or otherwise by the manner in which you pay your current liabilities.

What estimate do you place on your credit worth? No responsible man or one who values his credit standing and reputation for honesty and square dealing can afford to have suit filed or judgment entered against him, because the moment that is done this information becomes public property, advertising broadcast his delinquency.

You are, no doubt, aware that merchants, professional men, and all business concerns have credit investigating and reporting organizations for their financial protection. Through them the credit standing and paying reputation of their customers, clients or credit applicants is obtained whenever it is desired. When a man refuses or even neglects to pay a just debt, or suit is filed against him, these organizations enter the facts in their records, where they remain, to be reported fully to their members on request.

Is a word to the wise sufficient?

The fourth letter of the series insists upon immediate payment, with the alternative of action in the courts. It reads as follows:

Dear Sir:

You have ignored my numerous letters relative to my account of \$22.40 against you, but you can't ignore a court summons. Apparently it will be necessary for me to reduce this claim to a judgment and collect it through execution or garnishment measures. Legal collection procedure is held as a very serious cloud against one's credit standing by credit men, credit agencies and business concerns, as you no doubt know.

Will you gain anything by forcing me to take this account into the courts, thus throwing the costs, loss of time, and other litigation expenses upon you? Do you want it of public record that your creditor had to sue you to secure settlement? Other business men on being advised of legal action by their credit reporting agencies, might refuse to extend you credit rather than to take chances on their having to go to the expense and annoyance of court procedure. They reason rightly that if a person has abused credit favors from others, it is only safe to assume that he might also abuse credit favors extended by them.

This question is now squarely up to you and it is necessary that you act quickly for your own protection. If legal procedure becomes necessary, because of further neglect, you may depend upon my using every expedient provided by our statutes to secure payment.

Sometimes unusual and novel methods will secure the payment of accounts when all other methods have failed. For instance, a Wisconsin physician who had difficulty collecting from a certain class of people began deliberately to double the amount of their

COPY

Ad No.

Publication

Issue

Space

Shuman & Company
Advertising
Company

HELP!



Every little bit
held back from what
you have deepens the
"hole" you're in -
just-that-much-more.

Friend:

They say a dollar is worth
only 41 cents these days. But Gee!
Every dollar over-due looks like two.

The enclosed amount for instance.

Can you help?

\$40.69

Figure 15: Money comes in faster since this advertising man began pasting a humorous label upon his collection letters. Although a direct hit for payment of the account, the laugh it always gets modifies the request to a greater or less degree.

CONFIDENTIAL

Date _____

Gentlemen:

We indicate below by a cross-mark our reason for not having paid our account with you of \$125.10.

- Oversight
- Error or overcharge
- Disagreement as to price or terms
- Slow collections
- Unsatisfactory sales
- We enclose \$_____
- Will remit in _____ days
- Will honor draft through _____
Bank of _____
- Request _____ days extension of
credit according to signed acceptance here-
with (sign below).

Remarks: _____

Figure 16: An Ohio business man asks his customers having delinquent account to "vote" on this "ballot" and return it in an enclosed stamped envelop. By appealing to the customer's idea of justice, he comes to a better understanding with him in most instances.

statements. Then he announced that he would throw off 50% for payment within five days.

If the patient cannot get the money in five days, the doctor reduces the bill, only not so much. He declares that this plan brings in the money from the customers who formerly were "slow pay" or who never paid at all. Many a person who formerly let the doctor wait for his money now borrows the cash to take advantage of the discount. The plan is fair, says the physician, because the slow-paying man pays the extra cost which represents the physician's loss from his money being tied up.

When a customer holds up payment on his account, an advertising man sends the rather unusual letter shown in Figure 15. The caricature is on a small separate sheet which is pasted by one corner to the letterhead. Under it appears the debtor's name in the usual position at the head of the letter. The scheme is very welcome in these days of high costs, says this man, and, while the letter really is a direct demand for payment, it gets a laugh and counteracts the sting. The letter has been sent to many of his customers with highly successful results.

Here's an idea that not only requests payment, but also frames the customer's reply. The Ohio man who uses it calls it his "ballot plan." You'll find a specimen of the "ballot" in Figure 16. In explaining it, this business man says:

"It is always difficult to get slow-pay customers to commit themselves on the question of payment. No matter how specifically you may frame your letter, these slow payers will almost invariably offer excuses to dodge the real issue

"This became such a serious handicap that I cast about for a remedy. I finally hit upon what I call the 'ballot' plan, because it is worked out along the line of the ordinary election ballot. I have found it the most

effective and profitable method of pinning down a slow-paying customer to a definite promise to pay that I have ever used.

"It even relieves the customer of the trouble of writing a letter. All he is required to do is to mark this 'ballot' the same way he does at election time.

"You will note that the first five spaces list the customary excuses debtors give as to why they haven't paid their bills. These were included in order that the ballot might not be too severe on the debtor who really had a good excuse.

"Each of the last four spaces is a definite promise to pay at a definite time or by a definite method. All the customer has to do is to fill out the ballot and sign his name to it."

When the proprietor of a small business in the Southwest noticed his wife tying a piece of string around the finger of his young son, an idea popped into his head. Why not a collection letter based upon the incident? This is the letter he wrote:

Dear Sir:

When I was a boy and used to forget things my mother tied some string around my finger so that I would remember my errand long enough to fulfil it. I suppose your mother did the same with you.

Sometimes it works well with grown-ups, and so we are sending a little string herewith. Won't you wrap it around your finger and at the same time say to yourself: "I am going to send H. L. Harris \$15 that has been due him for quite a little while back now"?

You will find it works. Try it on yourself—and let us have the check right away so that we can get it in this month's business.

"I never thought a simple piece of string could make such a good collector," says this manager, "until a few

days after the letter was sent out. Three people called the day after it went out and settled in full—and complimented me on the idea. It is the most successful collection idea I ever used.”

In keeping your books clear of bad accounts, then, two main principles must be adhered to rigidly, most business men agree. First, care must be exercised in granting credit; second, the “slow-pays” must be followed up closely. When you have adopted effective plans for working out these ends, then, and then only, are you on the road to lowered costs through money saved from the bottomless pit of lost profits dug for you by customers or clients who cannot or will not pay.

CHAPTER IV

HOW TO WRITE RESULT-GETTING LETTERS

EVEN the cost of postage has gone up. Paper costs more. Your stenographer perhaps is demanding more salary. But these are only direct and perhaps the smallest reasons for better letter writing. The more vital, although perhaps not so direct reason, that the business man must make his business more effective to meet greatly increased costs on all items, also compels the closest sort of attention to letter writing. Letters cannot be written haphazardly, on the bare chance that they will win out. Only letters planned logically to pull the best results can be successfully employed today.

Everyone writes letters, you'll agree. Butcher or baker or candlestick maker—they all write letters. And back of letters written by the business man in any line we find the same reasons for sending them out. One here to make a sale; another there to adjust a complaint and hold a customer; a third to stir a "slow-pay" into settling his account, and so on.

In this chapter, however, we are not particularly interested in any particular "reasons why" for sending letters. What we want to know is "what" a good letter on any subject fundamentally must contain to get best results; "how" it must be built up to strike home hard to the reader.

Searching analysis into the success-winning elements of hundreds of letters sent out to secure different results, indicates that these elements are (1) ability to

get and hold attention; (2) power to overcome indifference or opposition; (3) clearness; (4) sincerity; (5) persuasive power; (6) convincing power; (7) ability to inspire enthusiasm; and, (8) the clinching power to get the desired action.

Not all of these elements are needed in every letter, of course. But every letter, it was found, must get and hold attention, must win over the reader as he reads, and must clinch the proposition as a final stroke.

Now these result-getting elements can be sent out in the shape of letters to get the action desired by appealing to the universal elements which make up human nature. That is, they may be sent out to reach the reader's sense of:

1. Gain: which may include his desire to get more money, or to save it, or for bigger opportunity, or higher position, or a saving of time or labor.

2. Duty: which may include his justice, honesty, courtesy, loyalty, or civic spirit.

3. Love: which may include his desire for welfare of family, or patriotism, or religious devotion.

4. Self-preservation: which may include hunger, caution, forehandedness, or prudence.

5. Self-satisfaction: which may include the satisfaction of a personal feeling, desire, or habit, desire for comfort or pleasure, and so on.

6. Pride: which may include self-respect, personal honor, appearance, prestige, or reputation.

Now that we have the vital elements of points which we wish to emphasize, we are ready to build more effective letters.

The chart (Figure 17) on page 60 will help here. It serves a double purpose. Using it as an analytic chart you can take to pieces your letters after they are written, and thus determine, by comparison with it,

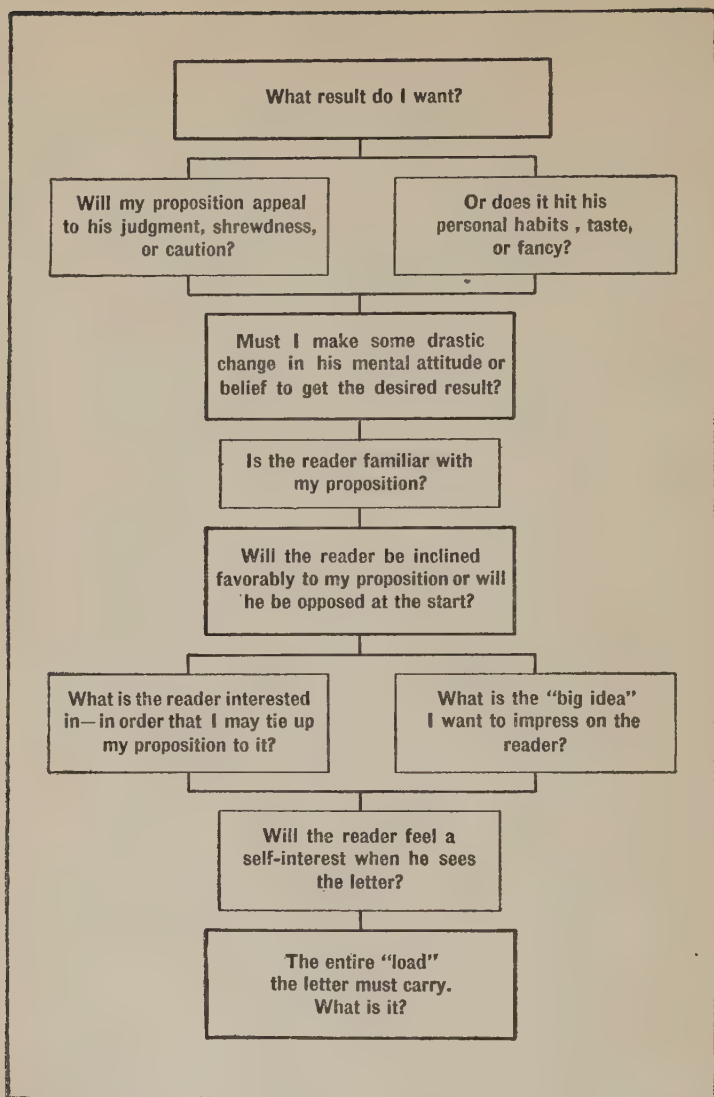


Figure 17: This chart shows, in “skeleton” form, the complete foundation or framework of a letter. If your letter is lined up according to this analysis, it is pretty sure to accomplish its purpose. Correspondence, business men find, must be carefully prepared.

Dear Sir:

What has given the high selling value to Iowa farms? CORN. What has given the rapid advance in farm values to all the central western states? CORN. What is the biggest factor in making the rich farm land of lower Louisiana advance? CORN. WHY? Because they are in "THE CORN BELT".

You hear your neighbor say, "I won't buy land out of The Corn Belt". That's why he will buy my lower Louisiana land. It's THE PROVED BELT. This lower Louisiana will grow more bushels of corn per acre, at a smaller expense, than you can grow on a northern farm (and a dozen other crops that you can't grow there) and it will sell for more money a bushel.

Do you know that the best corn in the United States is grown in this lower Louisiana country; that it will make No. 1 corn out of the field; that it can be loaded on an ocean-going ship for less than you can load your crop on the railroad; that the average price to the farmer is 25 cents more than the Iowa farmer gets; that the same field will grow two other crops the same year; that hogs will make the hog man pay for his land; that it is the best dairy country in America; that you can pasture your stock 10 to 12 months, 2 or 3 to the acre? These are facts.

Remember that this is a corn country with a climate finer than California's. It's a country with abundant rain and certain crops. It's a country with greater citrus fruit possibilities than either Florida or California. It's a country that pays three dividends a year instead of one.

It's land that you can talk to "HOME FOLKS" and friends; it's land that brings results; it's land that is better than an insurance policy, for it will take care of you and it will pay dividends to your children's grandchildren.

Have you read my booklet "RECLAIMED"?

My offer on the back cover of the booklet is a fair one. It's purely a matter of business. You can't afford to fail to investigate this great soil, admittedly the richest on this continent, with this offer before you. Then, on top of that, is my special "Trip Receipt Plan".

Very truly yours.

Figure 18: Every successful letter, no matter what its purpose, can be lined up according to the chart shown in Figure 17. This letter was used successfully to sell Louisiana farm land. Note, however, that the close is not as strong as it might be.

whether or not your letters are written and arranged to have the best chance for success. Or, using it as a framework, upon it you can drape the "clothes," the actual words of your letters, and thus be assured that they are built right from the start.

Study also the letters in Figures 18, 19, and 20, Compare them with the chart. Although one is a sales, one a complaint adjustment, and one a collection letter, don't you see how they contain one more of the fundamental elements necessary, are directed to appeal to at least one of the elements of human nature we listed, and are built up on the lines suggested on page 60?

But, although a letter may be built up right and may contain an effective appeal, it still may fail for lack of attention to details. The two most important details of a letter are its opening and closing. In the first sentence of a letter the writer has his chance to get the reader's attention; in its close his chance to drive home and clinch the proposition.

Business men agree that the importance of a letter's opening or salutation cannot be ignored. One man says that while stereotyped forms of opening letters, as "Yours of the 7th ult. received and contents noted," are avoided by him, neither does he favor the "mental shock" type of opening as:

THIS MEANS MONEY TO YOU—BIG MONEY
READ IT CAREFULLY

He declares that for him a clear presentation of his proposition, whatever it happens to be, has been most effective. For example, he wrote a successful sales letter which began this way:

If I were to offer you a \$50 bill, you would be interested, wouldn't you? If, then, my proposition will mean to you many times that sum, doesn't it make my proposition even more interesting? Do you want me to demonstrate?

His reference to a \$50 bill presented a concrete image to the reader and got his attention at the jump, without being too radical.

Another effective letter, sent out by the head of a one-man business, had this opening:

If this letter were printed on government Liberty loan bonds it could scarcely be more valuable than the offer it contains.

You see, don't you, how these openings are framed to grasp the reader's attention and thus get him into the body of the letter? Turn again to page 65 and in Figure 20 note how "Fire! Fire!" was used in the collection letter to get the reader's attention at the start in an emphatic manner.

Here are some other openers which have been successful for business men:

Your letter reached me at an opportune time, as I have been looking for a subagent in your town.

Don't you want to know how to add 2,000 square feet of display to your store in exchange for 20 feet of wall?

Yes, there is a mighty good opening in your town for a hustling agent. I am sending you an outfit, so you can start to work at once.

The close of a letter is perhaps even more important than its opening. We are all familiar with the anti-climax type of close, the letter which drops us down about 50 degrees in enthusiasm with some tame, house-cat finish like this:

Trusting that I may have the pleasure of receiving your order, I am,

Look through the mail you received today. Ten to one it contains examples of a like type.

Dear Sir:

Thank you for returning to me the 34" x4" Pebbled Tread case because it's easy to see you didn't receive the full service this tire was capable of giving and I want to see that you do get full service from every Pebbled Tread you use.

In trying to find just what caused the trouble, I noticed a good many little cuts in the tread much like those described in the enclosed bulletin. You'll be interested in the explanation of what trouble these little cuts sometimes cause and of the best way to prevent their causing trouble in any of your other tires.

Frankly, if you'll follow out the suggestions made in this bulletin, you will never have a tire give out before its time, as your old one did. Since I am interested first of all in seeing that you do get full service from your next tires, I'll gladly share your loss on this old one by sending you a new one of the same size for \$17.00.

Yours very truly,

Figure 19: Note how the successive points brought out in this adjustment letter conform to the general outline in the chart (Figure 17). Practically every letter, whatever its type, must appeal to one of these particular elements of human nature.

Dear Sir:

Fire! Fire! Fire!

Suppose the property on which I have insurance for you should burn tonight. I know you would want your money for the damage at once. My rule is to pay losses very promptly, BUT suppose I asked you to wait for your money as long as you have made me wait for the money which you owe for this premium. Think it over.

You owe me \$9.

Very truly yours,

Figure 20: The writer of this collection letter succeeded in getting attention in an unusual way. Brevity, likewise, is a feature. The appeal to the debtor's sense of fair play is cleverly devised, you'll agree. And the appeal is sustained all the way through.

How different is this clinching close, written by a man who has a magazine subscription agency in a small city:

Simply wrap a \$2 bill in this letter and send it to me at my risk.

Here is another result-getting closer sent out by an agent for specialty office supplies:

Don't delay. Send me a \$1 bill now. If you are not convinced upon trial that this \$1 file is the best \$1 investment you ever made, I will refund your money for the mere asking. But send your order today.

When the letter is written, many business men have found it profitable to go over it carefully, and mentally raise objections it will have to overcome. One contractor learned a lesson along this line which was valuable to him.

By the addition of a single question to a list which he was sending to county officials, this contractor raised his proportion of replies from a low average of 20% to a high average of 80%. The aim of the letters was to get advance information in regard to projected improvements in the different districts, on which the contractor wished to furnish estimates. The officials were under no obligation to answer, and only 20% of them did answer the original letter.

In the revised letter this question was added: "What is the most influential newspaper in your town?" The question had nothing to do with the information which the contractor wished to secure; but it did at once win the attention of the officials, who felt they would be doing one of the local newspapers a service by mentioning its name. At the same time, they answered the other questions.

In the same way, an apparently irrelevant thought often can be introduced into letters in order to make them pull better results.

One insurance man who has been more than usually successful in getting results from postage, tells how he does it in these words:

"Well-written letters are a most effective means for the cultivation of prospects. I usually begin by sending a brief letter enclosing my folder, request a reply, and await the result for 10 days. If none follows, I continue with a carefully arranged follow-up, consisting of other printed matter, letters, cards, testimonials, and the like. Although it is more expensive, I always prefer to send as few pieces as possible under a single cover. Often the most effective envelop contains but a one-page letter into which are worked extracts from two or three strong testimonials. If more testimonials or other important information accompany the letter, they are printed on the back of the letter sheet. Some firms use a narrow column at the left of the letter page for testimonials. I had one lot of letters printed in this way, but the effect seemed too crowded and the type divided attention with the letter. I prefer, therefore, to omit testimonials entirely from the letter sheet, or print them on the back.

"The advantage of single-sheet enclosures is apparent when soliciting business men. A single sheet in a sealed envelop will be read by a busy man, when an unsealed letter, or one bulging with printed matter, will pass into the waste basket or over to a more convenient time. I make it a rule when soliciting business men (and that means all men who occupy positions of trust in any sort of commercial or educational institution) to condense both in words and sheets of enclosure. I prefer a straight-to-the-point letter stating what I can do for them in a single line of insurance. I decide upon the type of insurance in which the prospect is likely to have the strongest immediate interest and center my efforts on that. Even if he is looking for another type, favorable terms

stated convincingly will lead him to inquire what can be done in the field in which he is interested.

“Into this letter I can work a few words from two or three testimonials, using them to prove my own strongest statements, or to supply thoughts which would appear out of place coming from me. No other material of any sort is sent in that letter or even under other cover. If it makes a favorable impression, I am sure to get an inquiry for printed matter. If this, my strongest letter, is not sufficient to draw inquiry, the chances are that printed matter would not have been effective, and probably would not have been read at all.

“Information must be delivered to busy people in homeopathic doses. I prefer short letters. A series of brief letters will usually pull better results for me than longer ones. The busy man will read them when he will pass the others by. When I find a suitable prospect in this class I treat him wholly with single-page letters, until interest is raised to the point of asking for printed matter or an interview.”

To sum up, writing result-getting letters in a way is like selling. You size up your prospect—the reader—determine the appeal which fits, and then build your letter to make that appeal in the strongest possible way.

CHAPTER V

MAKING YOUR ADVERTISING HIT HARDER

ORDERED by his physician to cut down the business "pace" at which he had been living, a metropolitan newspaper advertising solicitor bought a weekly paper in a small town, and "retired."

The first day he was on the job in his new enterprise, a local real estate man called on the telephone. After the preliminaries the real estate man said:

"Run me an ad this week, Mr. Thomas."

"All right," returned the newspaper's new owner. "When can I have the copy?"

"Oh, anything suits me," the real estate man came back at him. "Just run anything you think is right, or simply my card if you can't frame up a good ad."

Of course, the city man was horrified at the bare suggestion of treating advertising in such a casual manner. But investigation indicates that all over the country, every day thousands of dollars are spent for advertising which hasn't one chance in a thousand to pay back a dividend, much less the principal. And this condition usually prevails because the advertiser devotes almost less than no thought to preparing his advertising to strike home and win.

But advertising that is really effective must have careful study and thought behind it, successful advertisers agree. In many instances, indeed, real artistic skill is necessary to give publicity its greatest power. And yet, how often the expression is heard: "Oh, I advertise—a little. Sometimes I use prepared copy, but as a rule my business advertises itself."

“Why advertise at all if you haven’t a definite message for your customers or for those you hope to make your customers?” asks one progressive business man. “Why waste time and money on publicity that has no personality or conviction behind it?”

The most successful advertisers have discovered certain general principles among others in their advertising, and have adapted their advertising accordingly. These principles are:

1. For certain commodities or services one medium of advertising is better than another, just as one method of advertising may be better than another.

2. In the complexity and multiplicity of mental operations the human mind forgets easily, and therefore repetition, frequency, and change are large and nicely adjusted factors in advertising success.

3. Most people have a sense of rhythm, and like reading matter that has a slight swing to it. A novel trade name or a catchy singsong slogan is apt to run in the mind just as a popular song often does.

4. People, as a rule, are busy, and therefore advertisements must for the most part be brief and to the point if they would be at all effective.

5. People usually are fond of pictures, and a good illustration in an advertisement is often worth much, within its field of influence, as the most appealing text.

6. Nearly everyone instinctively resents any portrayal of ugliness or suffering, and the illustration that suggests either will probably be ineffective unless it is relieved by a pleasant contrast, or is used to convey a definite warning of evils that are to be avoided.

7. Most people apparently take notice of heraldry in almost any form; this probably accounts for the popularity of the trademark, the business coat of arms, as it may justly be termed.

8. Human nature usually responds easily to just the right suggestion, and therefore many find such a convenient device as the coupon difficult to resist.

9. The eye can grasp but four or five words at a glance and therefore it usually pays to reduce the headline of an advertisement to this scale, to adopt a short, terse phrase that tells some definite fact about the commodity and does not leave the reader in darkness regarding it.

10. The eye is attracted by clear, open type and well-arranged composition, and therefore irregular type, close or unusual type, and solid set composition usually should be avoided in advertisements as far as possible.

11. The eye is sensitive to harmony as well as to proportion in the content and typographical arrangement of an advertisement, and therefore every effort should be made to avoid a clash of any sort in advertising composition and make-up.

12. When centered on papers and posters the eye goes automatically to the upper portion of the reading space and therefore this space usually should be made the vital spot in an advertisement.

13. The eye is easily attracted by size, by unusual shapes, broken spaces, or lines, and these may often be used to good advantage for purposes of attraction.

14. The eye is often given a satisfying sense of completion by a well-constructed, artistic and appropriate border. An overelaborate border should be avoided as a rule, for it is apt to detract from the vital part of the advertisement.

15. The eye tends to make the upper portions of spaces seem larger than the lower; and it tends also to make vertical or longitudinal lines that are crossed at right angles by other lines seem longer than uninterrupted lines. Therefore, the most important content of an advertisement should normally be placed well

up in the space, and an advertisement that is prominently broken will usually arrest the eye more forcibly than one that is not. You can test the first law by glancing at your window—the upper part will appear larger than the lower though the division is equal. You can test the second by glancing at the two equal sides of your room—the one that is most broken up by doors and windows will appear the longer.

16. The eye has a tendency to follow lines and the gaze of other eyes; and, therefore, if an advertisement has a straight line, or a curve, or the picture of a person in it, the line, the curve, the gaze of the eyes of the pictured individual should lead into the center of the advertisement, not away from it.

17. The eye should be drawn to the salient point of the advertisement. An advertisement of underwear, for instance, showing a man wearing the garment, but in the act of fastening his garter, might appear to be an advertisement for garters rather than for underwear, as you readily can comprehend.

18. The eye in hasty reading is apt to read really for ready, horse for hose, and so on; it is therefore advisable when writing advertising copy to avoid close combinations of similar words.

19. The eye is usually shocked when it sees the human figure pictured in a position of incomplete action, and therefore illustrations of this type should usually not be used in advertisements. The baseball player should be pictured in a position of rest just before throwing the ball or just afterward. This is a recognized principle of art.

20. Before trying to write copy, the average writer of advertising ought to know about these factors thoroughly, especially in their relation to his commodity, his medium, and the space his advertisement is to occupy in that medium.

Advertising copy may be classified in several ways, but copy for the one-man business (which is, perhaps, more or less local in its scope) possibly can be best considered under the common general classification of direct and indirect advertising.

Direct advertising consists of matter that is addressed or given directly to individuals, as letters, circulars, booklets, catalogs, souvenirs and novelties of all kinds.

Indirect advertising is advertising that is not sent to individuals as such, but is addressed to the public in general. Indirect advertising mainly includes newspapers and magazines, posters and billboards, street car cards, and motion picture publicity.

WITH THIS COPY-FINDING CHART YOU CAN GAGE
THE PULL OF YOUR ADVERTISING

The proposition to be advertised probably can be handled best under one or more of four distinct types of copy, which are: inspirational; descriptive; "reason why"; and suggestive or "publicity" copy. The copy-finding chart in Figure 21 shows how one advertiser determines the right copy angle. A study of it will help to show you the type of copy best suited to the particular proposition you wish to advertise.

Obviously, it is impossible in brief space to discuss at length all the essentials of successful advertising—those of deciding upon the best medium, laying out the advertisement, making the appeal timely, and so on. It is important, however, that all your advertising copy should carry conviction of its sincerity. Business men agree that the greatest value of conservative praise and of a simple, natural style in advertising is that they sound sincere, they impress the reader with their sincerity, and he is more ready to believe what is said. When an advertisement has brought its reader to that point it practically has accomplished its purpose, you will agree.

Now, let's consider some of the successful advertising methods used by heads of one-man businesses. As revealed by investigation, direct advertising usually consists principally of booklets and letters.

Before one insurance man started in business he made a careful study of his field and its opportunities and methods. Investigation showed him that insurance men generally were not using effective, modern advertising to any extent. The only advertising he found in common use was booklets and circulars from the different companies—many of them so technical that a prospect unfamiliar with insurance could not possibly understand them. Agents, he was convinced, were overlooking an opportunity to capitalize by advertising the personal service feature.

Of course, this plan would cost money, but he had seen progressive retail stores outdistance their competitors largely by means of well-directed publicity, and, therefore, he asked why not the insurance man?

A booklet of general information was the result of this insurance agent's investigation. Supplementing his own personal work in the field, he mailed 500 double postal cards, one card containing a request that the recipient state on the other card the questions that he would ask if he were considering the taking out of insurance, and return it to the insurance agent.

These cards were mailed, half to present policyholders and half to first-class prospects. Since the receiver was assured that he would not be solicited until he wished to discuss insurance, most of the cards were promptly returned, filled out as requested. From the 470 replies that ultimately came back, a list of questions was made up to be answered in the folder. Some of the questions asked were the following:

Is the company sound financially? What proof does it offer in support of its financial statements? Has it

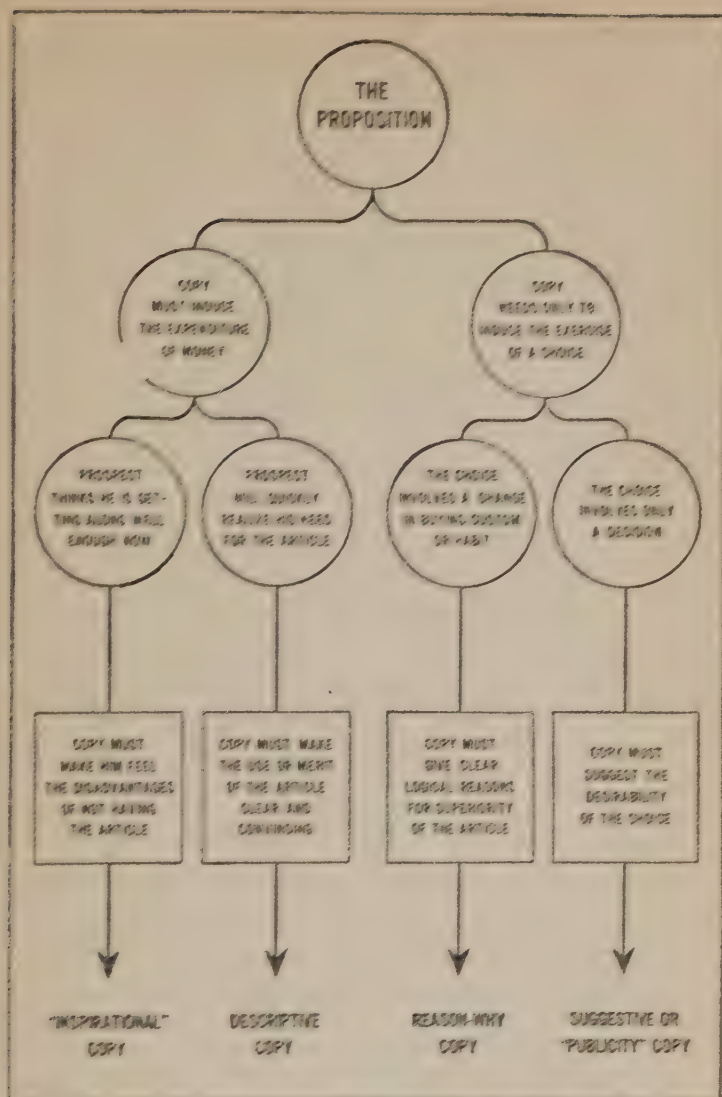


Figure 21: Every proposition you have to advertise should be analyzed to determine the right copy angle. One advertiser has worked out his problem by means of this "copy-finding chart." It embodies some of the vital principles of copy construction, as you can see.

WHY



Figure 22: Folders and booklets are a big part of the advertising program of a Michigan real estate man. This special folder (in colors) was used successfully in advertising an unusually attractive subdivision property. Its appeal is considered strong.

a large surplus for making payments during panics and years of low activity in insurance? How is this surplus invested? Has the company any form of regular outside supervision? What can it do for its patrons? How do premiums and policies compare with those of other companies? How may policyholders be reasonably certain that the company will keep its promises? What is its record for payment of policies? How long has it operated? What salaries and other expenses must be paid annually from its funds, and in what amounts? Where may people be found who have held policies which have matured and on which full payments have been made?

These questions followed by brief but reasonably complete answers, formed the bulk of the booklet. There also was a request that any interested reader submit additional questions that he wished to have answered. With these booklets the agent always enclosed a card, or a blank sheet with return envelop, or some other form of letter sheet with a page of questions and a way of folding that made it form its own cover when mailed. To make an inquiry easily, the prospect who received a letter needed to have only a pen or a pencil at hand. Stamps were attached to return covers sent unusually good prospects. Inquiries began coming in almost immediately after the first booklets were mailed to a selected list, and many of these inquiries resulted in new business.

THIS PLAN HAS BROUGHT SUCCESS FOR ONE MAN—
WHY NOT YOU, ALSO?

Advertising by booklets that are different is one of the secrets of the success of an eastern real estate man. The cover of the booklet shown in Figure 22 is a typical example of these advertisements. This particular piece of copy measures 8 by 22 inches, and is printed

in large orange and black type. Inside is an extensive description of the properties the dealer has to sell. Special emphasis is placed upon their favorable location and natural advantages for home building and the satisfactory service the dealer gives his customers.

Another business man recently has sent his customers a manual on war gardening and the home storage of vegetables. The information is timely and highly acceptable, he says. On the cover, this business man has his name and address printed. To stimulate the home garden idea, he awarded prizes of \$35, \$15, and \$10 for the best gardens produced by his customers.

A booklet which lists the large property owners in his city has proved a valuable means of advertising the business of a southern real estate dealer. This booklet gives the names of all the taxpayers in his city who are paying taxes on real estate to the value of \$10,000 or more.

In addition to the fact that the booklet carries display advertisements of this man's business, there is considerable general advertising value in the fact that the booklet shows that practically every man prominent in business is a real estate owner—in other words, the majority of them believed in realty investments. The list was compiled from the tax records at comparatively small expense.

Letters—the second form of direct advertising in our discussion—are frequently used to obtain new accounts. Here are two business-getting letters that have been used with success by a credit attorney:

Dear Sir:

Past-due, uncollected ledger accounts are not assets. They simply are "possibilities" growing more remote as they grow older. Every dollar of these accounts collected now means just that much additional working capital available for use in your business.

You, no doubt, have established relations for handling your collection matters, but we take it you are open to conviction that better service is obtainable.

May we suggest that you ask Mr. Jameson of Franklin, Harris & Boothby what results he has secured by using our service the past few months?

Dear Sir:

You have past-due accounts receivable on our books—haven't you? Their collection presents as many problems as there are accounts, and you want your money, don't you? You are not organized as an agency for making collections, are you? We are, and it stands to reason that we can get your money more successfully than you—doesn't it? Delay with past-due accounts is dangerous. A dollar in your hands is worth several on your ledger. Let us turn your past-due ledger accounts into money that will pay your bills—we are doing it for other local concerns—and we can for you. May we?

In Figure 23, page 81, is a letter used by a magazine subscription agency man to get more business. It was successful when mailed to prospects who, it was thought, would make effective salesmen. It is essentially a follow-up sales letter, inasmuch as the prospect has already signified an interest in the publications by sending in an inquiry.

When a Chicago advertising man found difficulty in interesting prospects, he sent out a series of pulling letters. Many firms had argued that it was useless to go out after more business because the government had ordered them to discontinue supplying their regular trade. But note how this business man builds up a strong counter argument on sales after the war. Two letters of the series are reproduced below:

Gentlemen:

We are quite aware of the concern with which you view the future—after the war—and we share that concern.

It has cost you years of effort and a vast sum of money to build up a reputation for your products and your service.

And now the necessities of our government compel you to close your doors upon the customers whose good will is your very existence.

You make the sacrifice gladly—but with fear in your heart for the future.

Gentlemen, that good will asset **MUST NOT NEEDLESSLY BE JEOPARDIZED**. To do so is suicidal and therefore unpatriotic.

We have worked out a plan that is calculated not only to maintain but to multiply your good will asset—not only at home, but in logical export markets as well.

This plan must be explained in person, and I hold myself in readiness to lay it in detail before your chief executive. It is too important to be discussed by correspondence and involves too much money to be passed upon by a subordinate.

Please let us know when I may visit your office, and what executive officer of your company will give me several hours of uninterrupted attention.

Gentlemen:

Is your trade name for sale?

What price would you put upon it, including good will, but not including present plant or business—you to be permitted to continue in your present plant, but under a totally different firm name and with wholly different brand names?

Dear Sir:

I was very glad to get your letter the other day in regard to doing some work for our publications. You have now taken the first step toward making money. The next step is to come in and see me as soon as possible.

Hundreds of representatives are making from \$5 to \$100 or more every month with our magazines and it is only a question of how much time you are willing to spend to get whatever you wish.

This Chicago office is here to help you in every possible way and the biggest help I can give you will be in starting. For this reason we are not sending a lot of supplies and order books but are asking you to come in and see me as soon as convenient. To be sure that I will be here personally telephone or drop me a line before you come.

If it is impossible to come let me know and I shall send the materials you must have to start. In the meantime there is no reason why you can't ask a few of your friends to take one of the magazines listed above so when you come in you will have a little start.

Please remember that this office is here for those who produce five as well as five hundred subscriptions a year so whatever class you are come in and talk it over.

Don't delay as we have one or two extra good propositions which will be withdrawn in a few days.

Very cordially,

INTERNATIONAL MAGAZINE CO.


By 
DISTRICT MANAGER

Figure 23: Strong sales letters are a big help when used to supplement salesmen's calls. A real estate man and a magazine agency manager used these letters with good results. In Chapter IV is told how to compose strong letters of this sort.

Answer these questions mentally just as if a syndicate of capitalists awaited your reply—money in hand.

Then you will have a measure of the RISK you are running during your present enforced withdrawal from your logical markets—for it does not take long for what was once an institution to become only a MEMORY.

Therefore, the fact that you cannot fill orders is the very reason why you should advertise more boldly than ever before!

And you can trust our skill and knowledge of your field for the preparation of copy that will keep old friendships alive, and stimulate new ones, while it reduces rather than increases the burden and embarrassment of explaining why you cannot execute immediate orders.

We will "give hostages to fortune" for you; bridge over the present gap and thus prevent the too sudden drop of your sales curve when war orders cease.

That is your prime duty to yourself, now, in this period of your patriotic sacrifice. Hold all the old friends you can and win enough new ones—especially in Asiatic and South American markets—to give you the increase that your enlarged capacity will need.

The writer desires to confer with your chief executive on a plan for carrying out an institutional or prestige advertising campaign at home, and an educational campaign abroad. When may he visit you?

Turning now to indirect advertising—the second main head in our discussion of advertising copy—the most common divisions apparently are newspapers, folders and handbills, and miscellaneous publicity addressed to the public in general.

"Not one life insurance man in 100 takes advantage of the great advertising value of the press," says a Minneapolis man who recently startled insurance circles by writing two \$500,000 policies—partnership insurance—on the lives of two wealthy lumbermen who were not known even to be considering insurance. "Of those who do make some attempt, the number who utilize publicity to a great extent are few indeed. Usually trials at advertising consist in running a 'standard ad'—one written by the home office—or what to my mind is worse yet, 'readers' scattered through the columns of the weekly and daily papers.

"The step to take in advertising an insurance agency is to have all newspaper advertising matter so different that it is not classed offhand as common advertising, but more as a friendly word from the agent.

"When the medium selected is right and the appeal is chatty, informational, and dignified, the results are not only large, but permanent.

"In order to work this plan of reaching out for the big prospect, it is necessary that the writer of advertising have a thorough knowledge of his points of appeal, and a sincere desire to benefit his readers.

"A local weekly of high-class circulation going to men who are greatly interested in the development of the Northwest is one of my best mediums. My advertisements consist mainly of heart-to-heart talks not alone on insurance, but on related subjects. I try to approach my subject from the angle of a man who loves the task he has to do, and the business in which he is engaged. There is no note of apology; and I have found that my readers get to look for my chatty talk, as much as for any other department of the magazine."

The insurance man who prepared the booklet mentioned earlier in this chapter uses the questions from his booklet as a basis for his newspaper advertising. He aims to run a series of advertisements each compris-

ing a discussion of one or two strong selling points for insurance. These are changed frequently, usually daily, and always two or three times a week. He finds it desirable to include answers to three or four leading questions in every issue and he studied for some time before finding a method of doing this without making his announcements seem like a continuous run of old copy.

He began using a sort of double border, and running the same statement always in small type between the two rules above and below. He believes that this layout might be further improved by making a cut of the border, including the desired repeated statements, and leaving the entire center a sort of hollow square in which to set the type for the changes in copy. This plan also would save some expense.

To supplement the salesman's visit, a city real estate dealer employs schoolboys to scatter handbills among workers as they leave the factories. (Figure 24). Sometimes the boys leave the handbills at the workmen's homes and often the advertisements are distributed at the factories during the noon hour.

Another real estate man tries to interest renters in the idea of owning their own homes by distributing circulars. On the circular he appeals to the home-owning instinct in the following manner:

THE FACT OF THE MATTER IS—

If you can afford to pay rent, you can afford to buy your home. Keep the cost within reach and start now. The way to do anything is to begin, and then stick to it. You'll find it requires more nerve to begin, than to keep at it. Don't be afraid to go in debt for a home. Because you are in debt for a home right now, although you may not realize it.

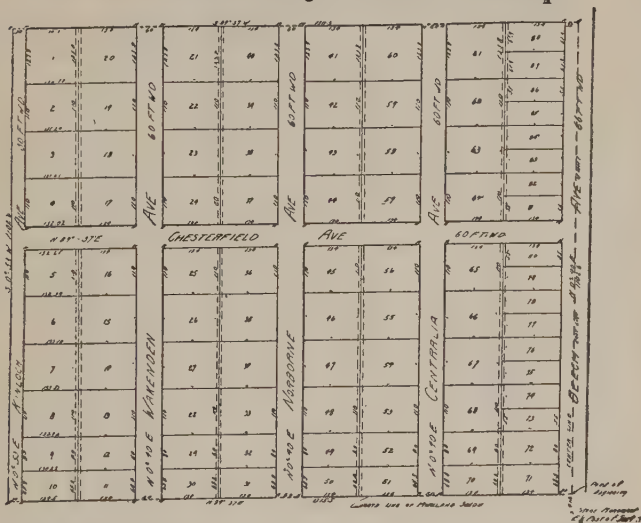
How many months do you expect to live? Say 30 years. How much rent are you paying? Say \$25 a month. Well, then, you are in debt right now \$9,000, and it isn't hurting you. Forget taxes. You pay as much for moving, breakage and getting settled every time you move, as your taxes will amount to.

GARDEN FARMS

NEAR

REDFORD VILLAGE

110 ft. Front by 134 ft. Deep



Near Grand River Ave. electric line, only 50 minutes from city hall. Auto-bus company is now operating enclosed, comfortable 16 passenger bus over the paved Seven Mile Drive from Grand River Ave. to Woodward Ave., making this property easily accessible to Ford Plant. Each tract can be divided into three lots 36x134 feet. Three abstracts with tract. Price of three lots is about half the price of one city lot.

The total of all 1916 taxes was less than one dollar per tract of three lots. Think of the saving. No taxes till Dec. 1, 1918 and no interest till July 1, 1917. School one block from property.

BUY QUICK BEFORE RAISE

110x134 feet, \$550 up.

55x134 feet, \$385

EASY TERMS. Near stores; phone and mail delivery.

Phone office and auto will take you to property.

THOMAS HITCHMAN

819 Free Press Building

Main 4686 and Main 5502

Figure 24: Handbills were used by one real estate man to advertise a special real estate proposition to factory workers. Many people purchased when they learned how easy it was to become home owners. The bills are distributed among the workers' homes and at the factories.

Don't buy beyond your means. You can afford to pay \$100 for each \$1 you are paying for rent. Add to this amount the cash payment you can make, and you have the price you can afford to pay for a home. Buy a home on this basis and you have started on the safe road to a home of your own, and you are beginning to get out of debt.

If you have nothing to make a payment with, talk it over with our Mr. Herrick. He will show you a practical way to overcome any obstacle in your way to securing a home.

A real estate firm successfully used a motion window display to sell a certain tract of property. As the window was long and narrow, an ingenious motion display was worked out to emphasize the fact that the property in question was close in. At one end of the window several toy office buildings were placed, built from cardboard to represent familiar buildings of the city. At the other end of the window a toy village was constructed to represent the property in question.

A model electric railway connected the two ends of the window, and upon this was placed a toy trolley car which industriously ran back and forth on a double track, passing through tunnels and over bridges in its progress. In the middle of the window a sign was placed with arrows pointing to the buildings downtown and to the village, with the caption: "Just six minutes from that to this."

"This window display clinched our deal for us," says the real estate man. "We had advertised the closeness and accessibility of our property in the newspapers until we were black in the face, and it didn't seem to reach the public. When they saw the toy street car going back and forth, it brought the facts home to them—and the result of this plan is that the tract is now practically sold out."

Valuable publicity is gained by a Michigan real estate man by placing little cottages built to scale in the windows of his branch offices scattered throughout the city. These miniature homes are complete in every

respect, with lawns graded, cement walks, gardens, and so forth. Purchasers of vacant lots are given an order for \$5 or more of garden seeds. This order is good at one of the leading downtown stores, where an account is maintained.

Arrangements have also been made by this man with several of the local lumber yards whereby the lumber necessary to build a modest home will be delivered for \$50 down, the balance to be paid for in small instalments. Either the workingman can arrange to pay for the erection of his home on the instalment basis, or the real estate man will arrange to have the house "roughed in" for \$20 a room and the man can finish the work himself. All these facts are advertised by this man, and thus capitalized.

HERE IS A NOVEL PUBLICITY PLAN THAT CAN BE
PUT TO WORK EASILY

An insurance man in the Northwest uses a number of effective general publicity schemes. One of them for example, was a basket ball team, which he organized. While it has been hard to trace any direct results to this method, the manager of the firm believes it is the best general advertising medium he has ever tried. Of course, definite personal work was used to follow up this advertising to secure results of the greatest value to his business.

To make the most of his sales campaigns the head of a real estate concern which specializes in subdivisions places a map of the tract he happens to be specializing on in his office window. All lot sizes and prices are shown, together with brief descriptions. Miniature flags of yellow are erected on lots which are sold during the campaign. As soon as a purchaser commences building, a blue flag is substituted for the yellow one. A few photographs, carefully colored, help to make the window an effective silent salesman.

It is easier and more profitable to sell beautiful lawns and flower gardens, according to the experience of one man, than strips of bare land laid out between stakes. Customers readily picture in their minds the type of houses they would like to build on garden plots.

It costs this real estate man no great sum in the beginning to put the grading machine on the lots, sow grass seed, plant pretty gardens, start hedges at lot corners and provide several gardeners and a horse mower to prepare the lots in the spring. In one instance, the lots were referred to in the newspapers and people were invited to stop for bouquets. The lots were known all over the city before they were marketed, with the result that the first advertisement announcing the sale brought a large number of buyers.

A novel method of using a silver dollar for advertising purposes was recently employed by a firm to sell outlying property. This concern had a quantity of shiny silver dollars put up, each encircled with an aluminum disk on which was embossed the catch line, "This new dollar will put you just \$49 ahead in buying one of our lots."

An arrangement was made whereby these dollars were given in change by several of the local cigar stores, and an announcement was issued to the effect that anyone receiving one of these dollars, on presenting it to the company, made a first payment of \$50 on a lot. The plan was extremely successful.

The possibilities of effective advertising apparently have scarcely been touched by the one-man business. Opportunities for creating new business abound, which, if appropriated, will surely bring greater returns.

CHAPTER VI

BETTER WAYS TO SELECT AND TRAIN YOUR ASSISTANTS

FOUR out of five men running a "one-man" business declared they had no employment problem when questioned by investigators during the preparation of this book.

"Why, I do practically all of the work myself," was the common answer of the typical business man. And yet a little further questioning almost always brought to light that he had one or more assistants.

Perhaps you have only a stenographer or book-keeper on your "payroll." But even so, isn't it just as important that you have the right worker for the job as for the big executive to pick and train his dozens and perhaps hundreds of employees? Vastly more important, many business men declare.

The problem can best be considered from two angles—first, choosing, and second, training your helpers. Our first point involves only the selecting of the employees; the second not only includes methods of education, but also paying, promotion and general plans for delegating the work to your assistants, so that your business will run more smoothly and economically.

Picking out the right employee, no doubt, will always remain a problem, because it involves the uncertain quantity of human nature. An advertising man says that while getting a line on the applicant's past record is important, this information does not necessarily show how well the person will fit into his business.

Of course, he wants a person of good moral character and habits, and one who is industrious and loyal. Recommendations from former employees give him much of this information.

Experience in dealing with people helps him to make a decision, also. To aid him in making his estimate of an applicant's worth, he has placed his desk facing the door. Therefore, he can "size up" the applicant as he enters his office. While he admits that first impressions often are misleading, nevertheless he believes they are important.

Some of the helpers he employs must have a technical education. With such applicants it is easy to check their qualifications. But hiring a stenographer or office girl is another question. Usually he prefers to take a girl without experience and train her to do the work. But he prefers a girl of education, and always tries to obtain a graduate of a business college or high school.

One physician says he obtained his bookkeeper and office assistant from a commercial school and taught her the phases of his business work. She has been working for him over eight years and has proved herself capable of handling most of the detail. For a clinical assistant he went to a hospital, where he secured the services of a young intern. The intern was glad to obtain the practical experience, and his past experience at the hospital assured the physician that he was getting a thoroughly reliable helper.

Inasmuch as a letter often is the only means of grading the correspondent, one man emphasizes the importance of getting the right sort of stenographer.

For a while he employed stenographers of 10 or more years' experience and tried to mold them to meet his requirements. But they failed completely, principally because they had set ways and it was hard to educate them to do their tasks otherwise than they

had always done them. He therefore prefers to select "green" girls without experience, and likes to have them direct from a good business college.

When he wishes to hire a stenographer, he goes to the school and talks with the various students, watching the letters being written, and studying the operators carefully before making a choice. If the best results are to be obtained there are several points, he believes, which must be given consideration, namely: education, self-reliance, skill both in typewriting and notes, and personal appearance. The more effectively the beginner fulfils these requirements the stronger will be the foundation, the quicker the development, and the more efficient the final product.

ONE MAN LOOKS FOR THESE TWO BIG POINTS
WHEN HE HIRES ASSISTANTS

The greatest assets, he claims, are education and self-reliance. If the former embraces a high school or part college course, the chances of development are greater, though any earnest, intelligent girl who can spell and punctuate and has some knowledge of composition can be trained to do satisfactory, dependable work. By self-reliance he means knowledge of her own ability and skill, as well as of her limitations and the courage which will enable her to make use of these when they are needed. With a new girl, he tries to cultivate this confidence in herself; believing that, to a large degree, it is the measure of her final efficiency and value to her employer.

"The 'touch' system of typewriting I regard as almost indispensable on account of the speed that can be developed as compared with the 'sight' system," says this executive. "Some schools do not teach the touch method, but notwithstanding their arguments and theories I believe that the sight operator begins with a big handicap, which in some instances she never

overcomes. For like reason, the stenographer who writes small, close notes is likely to develop higher speed, be more accurate and consume less energy in writing, than one making large, sprawling notes.

"The salary ordinarily paid a beginner naturally varies according to the locality, the school, and the ability of the student. I usually pay at least \$9 or \$10 in order to secure a choice from among the best at the school. When engaging a stenographer, I always arrange that if she proves unsatisfactory at any time within three months, I can release her on short notice, merely stating that her services are no longer needed. It is often embarrassing to explain the reasons for not keeping a girl, but if she understands that no explanation is to be given, an unpleasant situation is avoided. When I decide against keeping a girl, I give her ample time to secure another position—two or three weeks or more.

After an insurance man hires an employee, he asks him to fill in a "self-analysis" card (see Figure 25). This card, when properly filled out, shows, on a percentage basis, pretty closely how the employee rates himself. Cards are then turned in and the "boss" grades them. The information on the card, of course, is held strictly confidential. The employee knows how he stands in his own and in his employer's estimation, and therefore can work better to bring up nearer the 100% mark those qualities that are low. Every two or three months new cards are filled in and valuable comparisons are made.

Obviously, the employer benefits through the employee's efforts to make himself of greater value. The man who uses the cards adds that the scheme automatically solves the problem of paying his helpers. His employees, for example, do not ask for increases when they realize they are not worth the increase. Moreover, by keeping an accurate record of the abili-

SELF-ANALYSIS

Name Elmer Lawson % 86 1/2

QUALITIES	100	95	90	85	80	75	70	65	60	55	50	45	40	35	30	25	20	15	10	5	0	TOTALS
Ability		•																				95
Appearance			•																			90
Confidence	•																					100
Dress			•																			90
Education—Vocational																•						25
Endurance		•																				95
Energy		•																				95
Executive Ability		•																				95
Force	•																					100
Habits of Life											•											50
Industry						•																75
Initiative		•																				95
Intelligence		•																				95
Loyalty			•																			90
Perception	•																					100
Persistence	•																					100
Honesty			•																			90
Self Respect	•																					100
Tact						•																75
Time Devoted						•																75
Average																						86 1/2

Figure 25: Did you ever get an accurate check on the qualities of your helpers? Or did they ever have a check on their own abilities? Probably not. Here's a way to do it. The dots on this card show how one office assistant graded himself—a very fair grade.

ties of the employees and their improvement from month to month, he is able to reward them in fairness both to himself and to them. He declares that the card analysis idea is becoming more valuable every day, and he firmly believes any man at the head of a business can use the plan with equal success.

Handling employees successfully is not such a forbidding problem, heads of many one-man businesses agree. Giving your assistant proper consideration is most important, declares one executive. If his bookkeeper or stenographer wants to spend an occasional extra hour at noon away from the office he is glad to accommodate her if the work is not too pressing. In return he expects her loyal cooperation and usually he gets it. Frequently the girl works an extra hour overtime, and gladly, to take care of important correspondence, and the like.

PERHAPS THIS RULE MIGHT NOT SUIT YOU—
BUT HAVE YOU TRIED IT?

Urging his assistants to ask questions is the rule of one advertising man. No business matter is so important that he will not take time to stop and listen to any question an employee asks about the work. Asking questions, he believes, is an important way to save expensive mistakes, while at the same time the employee, by asking them, makes himself valuable.

He believes it is of utmost importance that his assistants be satisfied at all times with the pay they are receiving. He is certain that it is more economical, in the long run, to pay a competent employee liberally than to use cheap help. For example, he formerly employed a girl at \$18 a week. When she had to leave her position on account of illness, he engaged two girls at \$10 and \$12 a week. He found, to his surprise, that the two were barely able to handle the volume of work formerly done by the \$18 girl, and the mistakes

they made often were costly. Later the manager got the former girl to come back, and paid her \$22. She does the work faster and more accurately than the two girls, and he intends to raise her salary soon to \$25. She will be cheaper at that salary than the two girls at \$22, he declares.

It is poor policy to scold or find fault with your stenographer, says one business man. He says: "I believe in helpful criticism, but scolding tends to destroy the self-confidence I want to cultivate and makes the worker nervous. Fair criticism, on the other hand, is welcomed by conscientious people who are desirous of becoming efficient workers. I explain my criticism so that they may learn the methods I desire them to use. I am just as keen in recognizing progress, intelligence, and initiative. Comment upon the notes, speed, appearance of the letters, and so on, I believe, gives the stenographer an incentive to improve her work materially.

"The most effective appreciation, of course, is an increase in pay. It is well always to keep up with the stenographer in salary and let her know that as she improves she will have more money, but not to give a raise unless it is really earned. Most business men have considered that \$15 to \$20 a week for a trained routine stenographer was sufficient under ordinary conditions. Head stenographers, correspondents, and operators of unusual ability, of course, have no limit in salary, since this depends entirely on their value to the firm. The salary increases of a new stenographer should hinge entirely upon the progress made and she should understand that as she improves her salary will be raised accordingly.

"A stenographer is not a machine, although too many employers seem to consider her mechanical. The stenographer who reaches the highest plane is the one who writes the intention of the dictator, rather

than his exact dictation. A busy business man in answering letters often says either more or less than he means, and the capable stenographer should know what he is endeavoring to say and write it for him, just as she takes care of the punctuation and the grammatical construction of his sentences. In order to do this a stenographer must have some insight into the business. You can gradually explain to her the various functions and methods of your business. By doing so she will be in a position to supplement and interpret your diction. In taking notes, she must concentrate, of course, on what is being said so that she may correct any misstatements. Also after each letter is written she should read it over to be sure it is right in every detail and that it conveys your thoughts correctly, thus preventing errors and complaints which otherwise almost surely arise."

When a new stenographer is employed by a western lawyer, she is given a list of all the words and phrases peculiar to the business to enable her to become familiar with their spelling and meaning and to practice the shorthand notes expressing them. A shorthand dictionary also is at hand which has proved a valuable aid. A line is ruled down the center of her note book pages, providing a writing space not more than two and a half inches wide for the notes. This allows a short arm movement and a quick swing back to the beginning of each line, thus reducing the effort and the time necessary to make it.

Whenever it is possible, this lawyer dictates as fast as the stenographer's pencil moves, pronouncing the words distinctly and slowly enough for her to note them correctly. As he watches the notes he soon knows her characters for the period, paragraph, and the commoner words. In short time he becomes accustomed to dictating so that the pencil is never stopped, save for an instant's rest.

"Under no circumstances should the dictation run ahead so far that the writer has to scatter the dictator's thoughts by asking him to repeat," he says. "Yet the speed should be as high as it can be made without losing accuracy. As a girl's speed increases I try to go faster with the dictation and to make each "crowd" the other. Before long she takes the fastest dictation with ease; and I find myself getting through the morning's mail in an amazingly short time.

"A stenographer should never go slow with her notes or on the machine. Whether the work be light or heavy, the highest speed must be maintained or efficiency is lost. Many an effective stenographer has spoiled her speed by running slow on light work. This feature demands the most careful watching at all times or otherwise the fruit of training will be lost. The maintenance of note speed will also accelerate the slower dictators; no one cares to have a stenographer sitting before him with poised and idle pencil.

TRAINING STENOGRAPHERS IS DIFFICULT SOMETIMES
—HERE'S A PLAN

"In training a stenographer, give her as great a variety of work as conditions will permit. She should know how to do billing, legal work, filing, and in fact, everything that is contingent upon stenography. During the first portion of her probation period, and until she becomes accustomed to her new surroundings and fairly conversant with the business, the work assigned must be of a more or less routine type."

In one office the first duties are the writing of brief letters, acknowledgments, notifications, simple bills, and the performance of elementary filing and work of a general sort covering the rudiments of the office detail relating to stenographic work.

It was found in this office that if heavy work was placed upon the girl in the early stages of her employ-

ment, it generally had a tendency to make her nervous and destroy her confidence in herself. As she improves in speed, the more technical work is given now and then, and gradually increased in volume so that she absorbs and unconsciously accustoms herself to the handling of complex details rapidly and without undue "fussing." By "mixing" the work in this way, it has been made less monotonous and her work in general has proved more efficient.

"Style is a question of judgment and should express the individuality of the business," says another business man. "Ideals and standards should be set, and the work executed in conformity with these. Before writing each letter, for example, the stenographer should look over the notes and lay out the letter accordingly. If the notes are few, the message should be either written on a short letterhead or on a large one with double-spaced typing and wide margins. Where the notes are many, the margins may be narrowed to one inch or three quarters of an inch, giving more writing space for the body of the letter. On long letters the typing may be single-spaced with a space between paragraphs.

"A stenographer should be given a set of long, short, and medium length letters typed in the style approved, for placing, spacing of margins, and the like. Except in rare instances, the punctuation may be left to the stenographer, who, if she has a fair education, should be able to do this better from her notes than you can give it to her yourself.

"The stenographer may be taught to watch her letters as she writes them, and if many corrections, restrikes or erasures are made, to take the letter out of the machine before further time is wasted. All letters which do not have a pleasing appearance when finished, should be returned for retyping. Returned work is a mute, but strong criticism. When this is necessary, one of the lower corners of the letter and the duplicate

can be torn off, so that it necessitates rewriting and prevents the letter from being mailed out or the copy from being filed. The office copy of the second sheet of a letter can be written on the back of the first. This is economical, and also keeps the sheets from separating or becoming lost in the files."

"My stenographer and bookkeeper has been with me for two years," states a contractor. "I have given her a fair knowledge of my business, and she has proved herself capable of taking a great deal of the routine from my shoulders. She writes many letters without dictation. She is now capable of writing any of my letters except the most technical, thereby relieving me of much of the work."

A dentist who formerly answered many telephone and personal calls at the outer desk has trained his office assistant never to call him "unless absolutely necessary." Patients who formerly "had to talk to doctor" now find that their questions are satisfactorily answered by the girl. Fully 85% of the desk calls now are looked after by her. Obviously, this has given the dentist more time for the actual remunerative work at the chair. Recently he has put her to work during her spare moments developing photographic plates. This has also saved him much work.

In summing up, perhaps the most important point to remember is once you find you have the right sort of helpers, to give them considerate treatment. For it is only by helping your employees to grow in their work and by rewarding them as they grow, that you will be able to retain their cooperation and loyalty.

CHAPTER VII

MORE EFFECTIVE SELLING METHODS

REAL selling is mutual," says an executive who started selling goods 20 years ago. "It is bringing to a man something that he needs or wants. Selling is not a separate division of business. It is business."

Every business sells something, just as every individual in business sells something. In the last analysis, we are all salesmen, getting the best prices we can for our products, merchandise, brains, or muscles. And similarly every business sells its products or its service, whether it is a manufacturing, jobbing, retailing, or professional business—one man, two men, or more.

Investigation by the Bureau of Business Standards of the A. W. Shaw Company into one-man businesses emphasizes two points: (1) that successful selling methods tie up tightly to certain recognized fundamental business principles; and, (2) that these tested selling methods are nearly always adaptable to other business activities than those in which they were originally worked out. Furthermore, a tendency is evident among business men to borrow and put to work ideas and plans which have heretofore been looked upon as the exclusive property of the originator. Architects are studying policies used by dentists and physicians, insurance agents are learning from lawyers and so on. Interchange of plans and methods is becoming one of the watchwords of modern business, business men generally are agreed.

Let us turn now to the specific problem of successful selling. Progressive business men apparently are giving more and more thought to the fundamentals which underlie it and which have already been suggested. Let us consider the fundamentals of selling first, then, under these three heads: (1) making sure of a sound selling foundation; (2) organizing the selling effort; and (3) keeping customers satisfied.

"This country has pretty largely stopped buying from a man—it buys an article," says a man who has been through every stage of selling. "If the article is good people will buy it from a blind mute. If it is bad they will not buy it more than once from a golden tongue. Real selling always begins with the conception of the article."

There we have one of the first principles of selling, applicable to every business under the sun; the goods or service—the thing for sale—must have in it a selling idea that can be put to work.

In recent years more than ever before, perhaps, has it become necessary that a business man take stock of that which he sells. Is it a necessary product? Does it render a service, and does he render one in selling it? Do people want it—"want" in the sense of "need"—or do they merely think they want it?

That these are vital questions practically all business men agree, and frankly facing them and answering them has led to not a few business readjustments which have benefited not only the individual businesses but also business in general.

In times of war, to be specific, and in the period of rebuilding and readjustment which follows every war, it is up to every business man to check up his service. Certainly, some articles and services are less necessary than others. Furthermore, public habits undergo changes influenced by higher prices and campaigns to promote thrift. So far-reaching are these

many influences that every business man may well give serious thought to them and their effects.

Getting down to fundamentals is the best way for a business man to get the right perspective of his business, says a prosperous merchant whose institution is distinctly a one-man affair.

"No business," he says, "has an excuse for existing, and no business is going to exist for long, unless it is really useful to the public. That is the only kind of business I would be in. Any other is bound to be a loosing proposition in the end.

"That suggests why Marshall Field's famous phrase, 'The customer is always right,' is so fundamentally sound. I've seen merchants quoted who argued the questions, but they miss the fundamental truth involved—that the world owes no man or business a living, and a business is a parasite unless it serves."

HAVE YOU EVER ANALYZED YOUR SELLING AS
THIS MAN HAS HIS?

Actual selling, as another man puts it, is in making people feel toward a business that it is necessary to them. "It isn't what we think that counts," says a prominent professional man; "it is what the public thinks about business men that makes or breaks them."

A man's personal appearance, his clothes, and his habits may be selling factors quite as important as advertising copy printed in costly space. Here again we come back to fundamentals.

People respond quickly to a feeling that a business or an individual is actuated in all its dealings by high motives. Every word and act is an advertisement. A dentist or lawyer acquires a reputation for skill and integrity and straightway patronage grows.

The professional spirit is growing in business, and particularly in commercial lines. When a man goes to a surgeon about a pain he does not ask for an operation,

he asks for advice; when he calls on a lawyer he wants not an injunction or a writ, but expert disinterested counsel. Similarly, when he steps into a shoe, hat, or clothing store, he wants this same disinterested study of his needs and wishes, and honest service as to the fulfilling of his needs.

"If a man comes into our hardware store and wants a screw driver," says a successful merchant, "we always ask him what he wants to use it for. If he is a mechanic we usually sell him a 50-cent tool, but if he wishes to use it merely for an odd job about the house, we advise him to visit our 10-cent counter."

Given a business prepared to supply goods or service that the buying public needs, the next task, equally important, is to see that the smallest possible number of legitimate sales are missed. This brings us to our second subject for analysis—organizing the selling end of a business so that it functions effectively. Investigation has brought to light a number of interesting methods which apply particularly to one-man businesses. For the most selling-management problems vary but little whether a business is headed by one man or several. Here and there, however, we find methods which have proved especially helpful to the executive who works alone.

One man—he happens to be in the real estate business—attributes no small part of his success to his sales organization. While his is a fairly large one-man business, the system he uses can be adapted by the man employing fewer salesmen. Formerly only the total day's sales and contracts, and contracts and total sales to date, were published on a bulletin board. While this record was interesting, it did not give complete enough information to be of real value. Salesmen frequently were called on the carpet and asked to explain why a day's sales fell down, when they were in no way responsible.

To remedy the situation a complete reorganization of the sales work was effected. The new system centers upon the two records shown in Figures 26 and 27. The "daily business report"—shown in Figure 26—is a complete record of all the day's transactions, with a summary of the month's business to date. This record is prepared by the executive's assistant, and is ready for him when he reaches his office each morning. The "daily report sales" (Figure 27) is a record of the daily sales and contracts as reported by the sales superintendents involved.

To obtain this information the sales force is divided into teams with a superintendent or captain at the head of each team. Thus, the sales and signed contracts obtained each day are listed under the superintendents' names. By this method, the head of the business can keep his finger on his selling force and can hold his superintendents accountable for results. The system is not only valuable from the standpoint of spurring on the men whose sales are falling down, but it puts the manager in a position to give credit to the man who deserves it.

HERE IS HOW ONE BUSINESS MAN GETS BIG
RESULTS FROM HIS SALESMEN

"The successful management of a sales force is largely a problem of education and encouragement," says one man. "Any man needs a frequent pat on the back and a feeling of close contact with the affairs of the office. Treat a salesman as though he is the foundation of the business. By this I do not mean a whole lot of 'hot air,' but just a warm, human touch that gets under the skin and keeps your men loyal."

These ideas seem to dovetail nicely with the opinion expressed by a prominent executive, that 75% of selling is done by the man behind the line—the other 25% by the salesman.

DAILY BUSINESS REPORT—B. E. TAYLOR

Friday—
Oct. 23rd. '17

SUMMARY OF TODAY'S BUSINESS

SUMMARY OF MONTH'S BUSINESS TO DATE

Sales Room Receipts:	\$ 1,500.00	\$22,000.00
Cashier's Receipts:	5,000.00	75,000.00
TOTAL CASH RECEIPTS:	\$ 6,000.00	\$97,000.00
<u>BANK BALANCE:</u>	<u>\$250,000.00</u>	

Lots Deeded:	5	23
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SIGNED CONTRACTS:

Monmouth No. 1 — 1
Southlawn — 2
Westlawn — 1

TOTAL LOTS PURCHASED:	2	6
-----------------------	---	---

Lot No.	Subdivision	Paid Out	\$
45	Middlepoint	\$40.00	
340	Kennor	\$50.00	
			\$ 345.00

REMARKS:

\$16,000.00 Mortgages sold Jones
\$ 4,000.00 Subdivision Payroll

Respectfully submitted,

Secretary

Figure 26: By means of this daily business report, the head of one real estate business knows exactly how the business is standing—not only for the previous day, but also for the entire month to date. The report is prepared by his assistant, and is ready every morning.

DAILY REPORT OF SALES—B. E. TAYLOR

Friday -

Oct. 23rd, '17

SUMMARY OF
TODAY'S BUSINESS

SUMMARY OF MONTH'S
BUSINESS TO DATE

SUPERINTENDENT	SALES REPORTED	SIGNED CONTRACTS	SALES REPORTED	SIGNED CONTRACTS
Savery	1		20	16
Nolan		1	11	5
Brookoph			5	
Dahlen	2	1	14	2
Jones				
Smith	1			
Brown				
Heavenrich	3			
Bolster				
Blair		2		
TOTALS:	7	4	50	23

DETAIL REPORT

Sold by
SALESMAN

Lot No. and
SUBDIVISION

Sold by
SALESMAN

Lot No. and
SUBDIVISION

Strathmoor No 1
 Savery-Howell 456
 Dahlen-Thompson 41
 " " 42
Southlawn
 Smith-Parker 1156

Figure 27: The daily report of sales is valuable for checking up the day's business. This includes both sales and signed contracts. Columns 3 and 4 list the total sales and signed contracts for the month in the same manner, as is plainly evident.

"So strongly do I feel the truth of this statement," he says, "that when one of my men falls down, I take it as a personal defeat for myself and not for him. I know perfectly well that I have omitted to do something which I should have done, for if I had done my part that man could not have failed."

Here again, then, we see the vital importance of a sturdy foundation of right principles for every selling organization, and for every business.

Analyzing your field, another phase of sales direction, involves the securing of prospects. One insurance man says he instructs his men to waste no time with men who cannot afford to take out insurance. The prospect who can afford only a small policy also should be passed up if better prospects are in view, he declares.

"The more you know about your prospect, the easier it is to sell him," this man asserts. "The salesman who studies his man as he interviews him is spending time figuring out how to talk to him—a question that should have been decided before he ever met the prospect. His arguments, therefore are muddled and his efforts frequently are doomed because the prospect loses interest in his proposition."

"I find that personal sales work pays big dividends," says another executive. "I made up my mind that I could sell my goods to farmers, so I started an elaborate card index in which every prosperous farmer is listed. All the worth-while facts I know concerning his financial, business, and social relations, are jotted down as I learn them. When I sell John Brown a typewriter he is slated for a desk. When he has purchased the desk, I go out to sell him a filing cabinet. And so the chain started by one sale is endless. I keep in touch with the entire county. I am succeeding, as a result."

Determining the needs of the prospect is necessary if the sale is to be successful, claims a real estate man. He always knows something about the general financial

standing of a man before he attempts to make a sale. To a prospect whom he knows to be in moderate circumstances he often will say: "I suppose you'll want to buy on a contract basis." The answer gives him part of the information he needs. Then he finds out something about the man's family, where he works, and how large a home he wishes. If he has a piece of property he thinks will suit, he will try the sale. If he has nothing available, he frankly tells this to the customer and takes the man's name and address, adding that he will notify him when he has something desirable.

Obtaining prospects in the one-man business apparently is largely a question of personal work. Therefore, friendships count for a great deal. In one city, for example, real estate dealers have often offered their customers small commissions for securing prospects who later buy property. This plan has worked well, and many excellent prospects have been obtained in the time since it was adopted.

Names of prospects from every source are classified on cards by one real estate man in this city. One of these cards is shown in Figure 28. An office girl keeps the cards in a general file, and a duplicate goes to the salesman. A salesman is expected to report on a prospect within five days, or the prospect is taken away from him. Prospects usually are considered "dead" after 30 days.

Sometimes prospects are obtained by this man by sending salesmen in automobiles to different factories during the noon hour. Salesmen spend a few minutes with the workers at that time, furnish them with literature, and if possible, make arrangements to call and talk with them and their families. This is usually considered a good method for the man selling cheap outlying property, for many workers are eager to obtain their own homes.

Another real estate man secured an unusually valuable list of prospects by calling on all the people who had bought homes from his firm during the previous five years.

As a reason for calling, the salesman explained that he wanted to make sure that buyers were thoroughly satisfied with their purchases. At every visit, before he left, the salesman managed, in a tactful way, to ask if any of the owner's friends were possible prospects for real estate. From the replies, he compiled a list that kept several salesmen busy a number of months.

The list was especially valuable because the salesman was able to introduce himself to each prospect by mentioning the friend who had suggested his name.

THIS SIMPLE "PROSPECT" PLAN SHOULD BE
ADAPTABLE TO ANY LINE

An Illinois insurance man keeps all information on "live" prospects on sheets in manila folders in a large file. The folders are indexed under the name. A diary is kept for appointments or other information concerning these prospects.

A reserve or "feeder" file for the "live" file also is kept. Information is indicated on small plain cards and filed alphabetically (See Figure 29). These cards are referred to occasionally, but this is more of a suggestion file than anything else. For example, somebody in the office may read an article about a big man. The article may give important facts that concern him such as when he was born, his history, his present position, and so on. These facts are noted on the card.

The reserve file usually is referred to when the salesman is not very busy with the "live" file. Further investigation is made, and the prospect may become "live," once the proper angle of approach is found.

Coming now to our third subject, keeping customers satisfied, investigation shows that no matter how well

organized the sales end of a business may be, it is service that gets and holds business, after all is said and done. Service is what people want most, and the concern or individual who shows the keenest desire to serve rarely fails to get and keep business.

Many business men fail to recognize the profit which lies in applying the golden rule to business conduct—treating your customer or client just as you would like to be treated if you were in his shoes. Even at the cost of losing the immediate sale, it is bound to come back to you manyfold, say men who have actually practiced that policy.

“I hate to tell you what a hypocrite I am,” said a prominent business man recently, before a congressional committee. “I never do anything right but it pays.”

“Some men,” said a successful merchant, “feel that they cannot afford to do the ethical thing. That is where they make their mistake. Doing right—serving—is not only good ethics; it is good business.”

You will appreciate the importance of keeping salesmen primed with this service spirit, and it is no easy task, many executives have found, for a salesman hates to lose a sale—for any reason. Any executive whose salesmen are more interested in getting the business than in keeping the customer satisfied is in danger of losing both his reputation and his profits.

There you have the problem which confronted one business man not long ago. While his salesmen were great producers, it was not long before many purchasers began to demand their money back. Investigation showed that the salesmen had made many rash promises to them. They had even assured buyers that the firm would take back the property after a few months—the man is a prosperous real estate dealer—and sell it for them at a handsome profit.

This situation, of course, could not be tolerated. The salesmen had sold the property and received their

Name _____	Phone _____
Address _____	
1st Agent _____	Date _____
Not home: date _____	
Had interview; date _____	
Appointment to see property: date _____	
Prospect Good _____	Fair _____ Uncertain _____
2nd Agent _____	Date _____
Remarks: _____	

Figure 28: Records of real estate prospects may be kept conveniently on cards similar to this. The card is of handy size, measuring 3 by 5 inches. When one salesman falls down another is given a chance.

Name _____	Address _____
Occupation _____	Telephone _____
Date of Birth _____	
Remarks: _____	

○

Figure 29: This card is from the miscellaneous, or “feeder” file of an insurance man. Only records of possibilities are recorded in this file. When a possibility becomes “live” his name goes to the “live” file.

LOTS SOLD FOR CASH OR ON THE INSTALLMENT PLAN.

DEVELOPER OF SUBURBAN REAL ESTATE

OFFICES:
501-505 FORD BUILDING
PHONE CADILLAC 4409

B. E. TAYLOR
REAL ESTATE

SUBDIVISIONS:
WOODLAND
LARKMOOR
SCHOOLCRAFT
WESTLAWN
STRATHMOOR
SOUTHLAWN
MONMOOR
MIDDLEPOINT
QUEENSBORO
KENMOOR

DETROIT, MICH.

Dear

This letter is to acknowledge receipt of your signed contract accompanied by the 10% Down Payment on lot # Subdivision.

I wish to congratulate you upon the selection you have made as I can especially recommend same for either a home-site or an investment.

Owing to a few cases where personal agreements between salesmen and lot buyers have been entered into, it is necessary, at this time, for me to state that your agreement with me is stated clearly in your contract and that I cannot make myself responsible for any other agreements between yourself and my agent.

Very sincerely yours,

B.E.TAYLOR

By _____
Sales Manager.

CTG-MEL.

Figure 30: When salesmen made promises the firm could not fulfil and claims from dissatisfied customers threatened to disrupt the organization, this letter was devised. By sending it to purchasers immediately after the sale, misunderstandings are eliminated.

commissions, to be sure, but the firm could not obtain its profit on the transactions until the payments were all in and the property deeded. Therefore, a copy of the letter shown in Figure 30 was sent to each purchaser immediately upon the receipt of his signed contract. The letter, moreover, was sent by registered mail, and the signed receipts were filed. This plan solved a very embarrassing situation.

You will notice that discussion of all three headings has worked right back to fundamentals. Successful selling is more than ever before dependent upon three factors: first, a worthy product or service; second, thoroughgoing organization back of the actual selling battle line; and third, a desire to serve, prompted quite as much by a joy of serving as by the profits it is sure to attract.

It may be a good idea, then—certainly, it never does any harm—for the man who guides a one-man business to put it to this acid test which modern conditions impose. After all, it is not what we think about our businesses which counts. The other man's viewpoint is the important one.

Look to your product—it may be goods such as merchants sell, or service as rendered by doctors and lawyers—and examine your fundamentals. In the light of modern business ideas the differences are fading. Clothing and food serve quite as truly as does the physician, and in that the lawyer and the shoe dealer cater to the same individuals, one is as vital as the other.

The point of it all is—real service is always at a premium, no matter what form it assumes.

CHAPTER VIII

OFFICE METHODS THAT CUT "RED TAPE"

DOES the effectiveness of an office reflect its owner's business effectiveness? Scores of business men in many states declare that it does. They are devoting more and more time to more effective filing methods, better desk arrangements, methods of handling callers, and profit-saving short cuts generally. And they declare that time spent along this line brings a sure reward of bigger profits.

For purposes of convenience let us take up effective office methods for the one-man business under the following divisions: (1) handling callers more effectively; (2) better desk arrangement; (3) more effective filing methods; (4) ways to cut down routine. We will discuss these divisions in turn.

One of the most valuable profit savers in an office is an effective method of handling callers, it was found. Organization of time is essential to success in the one-man business. Lawyers, doctors, real estate men, dentists, architects, photographers, artists—all agree that handling callers quickly and effectively is essential.

Obviously the more people a doctor can treat or the more cases a lawyer can handle, the more money he should make. By using a definite system of appointments, and having it organized on a smoothly running basis, the business man often can increase his office effectiveness 20% without increasing his expense.

Customers, whether they have much time or little time at their disposal, are apt to be impatient. They

dislike waiting. People in business cannot afford to lose much time from their occupations.

The simple but highly efficient system of a physician in an eastern city is a model not only for professional men but for people in many commercial lines as well. A photographer, for example, might build a splendid clientele among the people of his city by detailing a special man to work only by appointment. Many of his patrons would willingly pay an advanced price for the privilege of this exclusive "special service." Dentists, real estate men, and many others, by the judicious use of this plan, could reach a large number of customers, impossible to secure in any other way.

In the office of the specialist mentioned above, the working force of which consists of two doctors and an attendant, from 80 to 100 people can be treated in a business day of nine hours. This is about 15% more than the capacity of another similar office employing five doctors, two maids and a cashier.

By the simple expedient of timing a few treatments, it was learned that the longest cases seldom exceeded 15 minutes. The appointments were, therefore, made four to the hour, on the quarter hour. Many cases, however, required much less than 15 minutes. This extra time is allotted to the patients who have no appointment. The attendant, by long practice, has learned to gage with great accuracy the probable time a treatment will require; hence, by using a little tact in holding the casual visitors, she is able during the course of the day to have a large number treated.

The qualifications of the attendant bear an important relation to the proper operation of the system. To insure complete success, she should be a woman of intelligence and tact. She must see that the appointment is met by the doctor within not over five minutes of the time specified; also that the patient keeps his part of the obligation. If he is late, he loses his turn

and either waits or makes another appointment. The mere fact of being late, however, does not lessen the courtesy with which patients are handled. When people learn that they are treated alike, and are expected to be on time, they conform to the rule.

There are four operating stalls in this office, two for each doctor. Each is complete to the last detail. While one patient is receiving treatment, another is being prepared, thus eliminating loss of time between patients. Every minute pays a profit.

Systematic work thus enables this establishment to care for nearly 20% more people in 10% less time than was possible under the "take-them-as-they-come" plan, with a single chair for each operator. And not only delays, but all diverting influences have been eliminated. The doctor simply moves from stall to stall, concentrating on the actual work of operating.

YOU'LL AGREE THAT THIS PLAN IS WORTH
WHILE AND SIMPLE

The system is applicable in a far wider field than merely a doctor's office. It is based on the general demand for more effective service in all kinds of business today. People get tired of twiddling their thumbs or reading something they don't want to read, or staring into each others' faces while waiting for attention. Unless their need is imperative, they will go out, in many instances to another office. Even if they come back, their visits are fewer in the course of a year than if they could be cared for promptly, and the business man loses accordingly.

It is simple to educate customers to the appointment system, and, once they become accustomed to it, it usually is next to impossible to induce them to abandon it for haphazard methods.

Now let us go on to the second of our divisions in order—better desk arrangement for the business man.

"A question I put to myself was," says a San Francisco business man, "how can I arrange my equipment and systematize my work so that I may accomplish the greatest results with the least effort? In order to answer the question I studied my needs and worked out a new plan, which meant making some changes in my desk and in my office. They are not many, nor were they costly. But they are saving my time, money, and labor.

"I sit in an armless, swivel, desk chair. I have arranged my entire equipment, as shown in Figure 31, so that I can reach anything I want without leaving that chair a foot.

"In conjunction with my desk I formerly had a table. I discarded this and substituted a flat-top typewriter desk. It takes up less room than the table, and adds a typewriter and five drawers to my facilities. A stenographer is available at the pressure of a button, but the typewriter at times is faster and more satisfactory for items that require intimate care. My 'to be filed' and 'under consideration' trays are as before. Only I have glued them in place. The 'under consideration' tray is open on the side and folders subdivide it into six compartments.

"The buzzer is now screwed in a handy place; I transferred it from the inner leg of the roll-top desk. Pasted on the drawleaf shelf at the right are the telephone numbers I frequently use, while the city directory hangs at the side of the desk. A daily calendar pad enables me to enter appointments. The caller's chair is set in one position and all papers are well removed from casual eyes.

"By pulling out a drawer of each desk, a drafting board is provided, slightly elevated, at sitting height and in excellent light. Drafting instruments, pens, brushes, and other tools are kept in the center drawer of the flat-top desk. A spiral pen rack permits quick

selections. Scrap books for filing clippings I have placed in the side drawers.

"The low roll-top desk carries a large plate glass under which I have placed maps and tables which I use frequently. Stationery is placed above. Copy paper is stored next to the typewriter on the same shelf. My reference library is on the desk top.

"Large photos and the blueprints lie flat in the wide center drawer. A callers' card-index file is in the right upper drawer. Private letters and data for articles are filed in a lower drawer.

"The cost of the improvement was trifling in view of the advantage of putting my hand at once on anything I need at the very moment I need it."

Now look at the desk arrangement in Figure 32. Note how this business man also has made his desk an effective business tool by arranging it so he can secure all his equipment with the least possible waste of time.

WHETHER IN LARGE OR SMALL OFFICES, EFFECTIVE
FILING IS A VITAL REQUISITE

More effective filing methods—our third division—are highly important in even the smallest office, business men declare. To be able instantly at any time to put your hand upon the desired data, is considered worth any amount of preliminary planning, it was found.

But before we go into filing plans progressive business men use in filing, let us digress a moment and consider filing from its broad viewpoint.

There are various methods of filing. Each has its merits and in some instances one is better than another. This points the obvious moral that the business man can well consider filing from a broad viewpoint before selecting his own system.

The alphabetical system is the oldest, in some respects the simplest and, for some purposes, the best

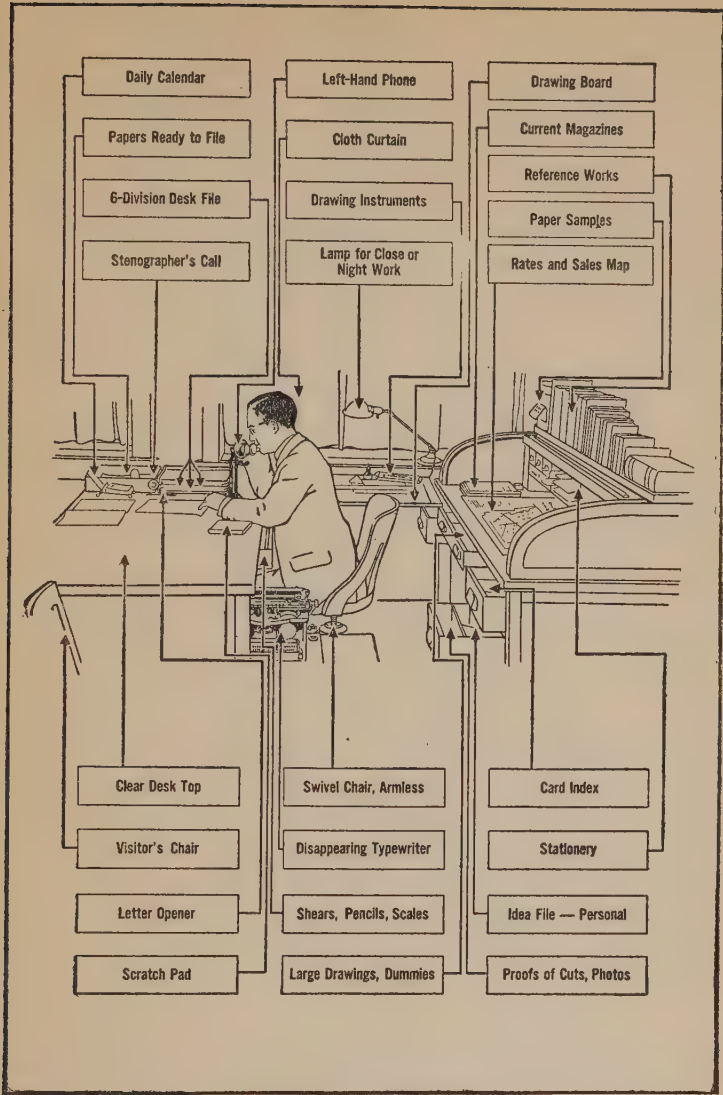


Figure 31: Immediate access to everything he needs makes it possible for one business man to do many tasks in a very short time. Proper arrangement helps him finish routine work in time to give attention to larger tasks which otherwise might suffer.

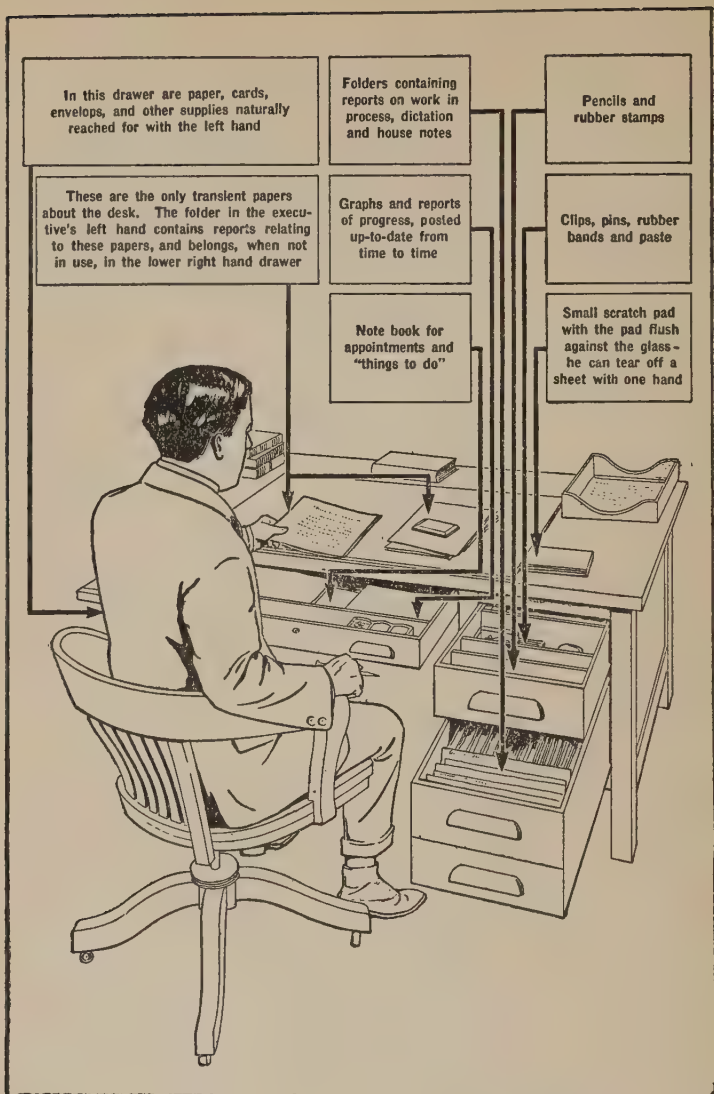


Figure 32: This is how one business man keeps his desk in "fighting trim." Everything in its place is the first step toward saving time, most people agree. There are few wasted motions when this man wishes any of his "equipment," as you can see.

filing system there is. The alphabetical arrangement of names as in a directory should be followed as nearly as possible. Guide cards can be purchased from any manufacturer of filing cabinets. The subdivisions of the alphabet, as Aa to Al, and so on, will not always work out perfectly, even though they are founded on a very careful analysis of the names in directories, simply because no business uniformly covers all the names in use, but the differences will make little trouble to anyone.

The main objection to the alphabetical system is the cost of equipment, since each drawer can be only partially filled in order to allow for additions. As a rule, one third more equipment is necessary. Another objection is that in very large offices the subdivisions become so fine that it grows difficult to locate names.

The numerical system is an excellent system of filing for some businesses. It has a number of variations, but all are based upon the idea of numbering each folder and providing an alphabetical card cross-index showing the name or subject.

The straight numerical system is started by putting into a folder marked number 1 the first letter that comes in. Succeeding letters, so long as they are from different correspondents, are put into folders bearing consecutive numbers. This always keeps the files comfortably filled. The files can be transferred at the end of a certain period, provided some numbers have not been given to customers from whom there is a great deal of correspondence. Another advantage is that any folder that is missing is immediately noticed.

The decimal system of numerical filing is more flexible than the straight numerical system, but it is also more complicated. Certain numbers are given to certain groups of correspondence; this group number is then separated from the individual number of the material by a decimal point.

Where the geographical system is used, letters are filed by the state and the town, and the name of the correspondent is alphabetically arranged under the city or town. This is a very good system for some offices and is quite simple to operate. About the only drawback perhaps is that in case a correspondent has moved and writes in without giving his old address it is necessary to send an extra letter to learn the former address unless he sends it in voluntarily.

Filing letters by date is still used to some extent, especially in lines where the operations consist of deals of short duration; there it is satisfactory, and it effectively disposes of the transferring problem. This system is called the chronological system.

The alphabetical-numerical system consists of a straight alphabetical system, with auxiliary numbered folders. The letters from one concern are filed alphabetically until they become sufficiently numerous to justify a special folder, when they are put into a numbered folder which is inserted immediately after the proper alphabetical division, in numerical order. Thus letters for Ambelton, Amberg, and Ambrose would all be filed under Am until, perhaps, there were four letters from Ambrose; these would be filed in Am1. When Amberg had four he would get Am2, and so on. This system is cheaper to operate than some, since a correspondent is not given a special folder until his correspondence warrants it. The only objection worthy of comment is that letters do not increase in alphabetical order and thus Amberg becomes Am2, while Ambrose is Am1, and very likely Amant or Ambelton would be Am12, and so on.

Before deciding upon any system a careful analysis of the business should be made by someone in the organization capable of making it. Too often the system is left to a clerk operating it, who adopts it piecemeal without careful consideration.

Now let us examine some successful filing methods.

One insurance man says: "Index cards and signals can be made to do many interesting things. By their use I have devised what has been for me almost an ideal policy record for an insurance office.

"It was always a problem to get one record showing existing policies, alphabetically arranged, a complete line sheet, and a record of expirations. The card illustrated (Figure 33) has settled the difficulties for my office. All necessary information is given on each card. The cards are filed alphabetically.

"Signals are attached to the top of the card, to indicate the month of expiration. Different colors are used for different years, six colors in all. The result is that all policies covering an individual are filed together. Furthermore, at the beginning of each month the expirations can easily be removed from the file for the purpose of soliciting renewals.

"We have, I believe, been saved much loss through this system, and have been able to renew more business than would otherwise have been possible."

THIS PLAN MAY GIVE YOU AN IDEA WHICH YOU
CAN USE TO ADVANTAGE

One architect has many plans and sketches to file. He has a number of soft, round sticks of wood made up in standard lengths. These he uses for filing purposes. They are kept in cases to save space and preserve them from the dust.

Each plan or tracing has its own roll and is fastened to it with thumb tacks, so that it can be put back on the drafting board if desired. On both ends of the stick the index number or the title is pasted. With this device, the reference always is in sight. Every file is in effect a series of scrolls. The plans are kept in good condition and take up less space than they do in the usual filing cabinets.

Another insurance man tells about his filing methods—a card system by the way—in these words:

I daily keep up three separate card lists of names, although these could be kept in one list by suitable cross references, two differently colored tabs or something similar. First, there are the “prospects for working,” all known to be interested persons, whom I cultivate by means of selected printed matter and letters, supplemented by personal interviews when I can get to them without forcing myself upon them and becoming unwelcome. All of these lists are kept on cards like that shown in Figure 34.

The second list is composed of “prospects,” people said to be interested, and all known “candidates” who, for some reason, are not likely to be immediate buyers of insurance. To these men I send an occasional piece of advertising which I think may interest them, first making sure that they have my question-and-answer folder. The interest of this class I keep alive in a mild way, watching my opportunity at a suitable moment to push things and bring the interest to a focus—the making out of an application.

The third list is composed of people I consider potential prospects. On my life insurance list I put the names of laborers, factory workers, and clerks, all men on limited salaries with families and no special provision for the future. Such men I consider highly suitable for a process of cultivation. The names, being arranged on the same kind of cards as those of the other two lists, will be carried from one to another until someone finally writes the insurance, when the card is transferred to an unused file. Some of these become the best prospects for increases. On each card I make a note, when the first policy is written, of the probability of more insurance later, and after three or four months I send a special letter on the subject of each of these policyholders.

Jan.	Feb.	Mar.	Apr.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Fire Insurance Record										
Name <u>Carlson, James H.</u>						Office No. <u>712</u>				
Address <u>17 North 73rd Street</u>										
Property <u>Warehouse</u>						Location <u>16 East Harbor</u>				
Company <u>Carlson & Jacobs</u>						Policy No. <u>15621</u>				
Policy Date <u>6/14/17</u>				Term <u>1 yr.</u>		Expiration <u>6/14/18</u>				
Amount <u>\$5,000</u>			Annual Rate <u>\$4.75</u>		Term Rate			Premium		
Register Folio <u>124</u>				Schedule File No. <u>17</u>			Forms			

Figure 33: Cards like this are filed alphabetically, in different colors for different years. They are "flagged" along the top to indicate expiration dates for policies and are carefully watched.

825	
Name	
Age	
Address	
Dependents	
Owns property	
Has policies	
Should carry \$	
more	
Follow-up	

Figure 34: This card, measuring 4 by 6 inches, is from the "prospects for working" file of an insurance man. The names of the most likely prospects this agent has got into this filed.

A card used by a real estate man in a numerical filing system, with an alphabetical cross reference, is reproduced in Figure 35.

An advertising man has a folder system for filing material for each publication. These folders are kept in the large bottom drawer of his desk. Then there are a few extra folders for special work. Of course, he has a limited number of customers and prospects.

The head of one collection agency uses a double general filing system. His system, however, as you will readily see, is just as applicable to any business where certain records are needed at the first of each month. All accounts are indexed in a large vertical

8965									
Price	\$4750	No.	826	Street	North	Side	East		
Lot No.	121	Side		Between		and			
Story	2	Brick		Cement		Single House		Flat	
		Stone		Framo		Stores		Terrace	
Rooms Up	5								
Rooms Down	4								
Foundation	Stone	Cellar	Good	Roof	Good	Area		X	
Bath	Yes	Gas		Electric Light	Yes	Garage		Built	No
Hot Air		Hot Water		Steam		Central Heat		Occupied by	Vacant
Rent	\$40								
Incumbrance	\$2,250	Rate	6	Due	3 yrs	Held by	Lat. Nat.	Assessed at	\$4000
Terms	1/2	Cash, Balance	To suit % payable						
Possession	Now								
Owner	J. M. Mason	Address	City				Sign	Phone	821-J

Figure 35: A real estate broker keeps on this card a general record of all properties that may or may not be immediately available. He obtains this information from many sources.

file under the day of the month. A girl clerk goes through this file as the first task each morning and if the collection man is in court she can go ahead just the same as if he was in the office. Accounts are listed

in another file on cards under names. Both of these files are for "live" accounts. There is a reserve file for "dead" accounts, but this is kept merely for reference should occasion arise.

This man also keeps a file for his own personal use. This is merely a list of all his clients and shows when their accounts were taken and what disposition, if any, has been made of them.

The usual system for filing accounts comprises heavy manila envelopes with a record on the outside of the envelop. This man has eliminated the record keeping by using plain manila folders. Blue folders are for commercial and white for general accounts. Everything goes into the folder—all correspondence, the original bill, and so on. On the inside cover of the folder is a little pocket in which is kept a record of the account on a card. When an account is closed the folder is destroyed or converted into another account folder. The card showing the record of the account is clipped to the correspondence and all the data is filed in the "dead" file.

Ways to cut routine work, ways to save time for busy men—our fourth and last division—are receiving greater and greater attention in these days when every minute counts into dollars.

One contractor declares that his greatest help in the day's work is a book in which he keeps a record of the day's happenings. This is valuable because he is away from the office a good deal of the time. In this book all the mail that comes in is entered and all the letters that are answered are entered. When callers come, their names are entered, and also the reason for their visit.

When a letter is received, the name of the sender is placed in the book. When a letter is mailed, the following notation is made: "To J. R. Jones, Pittsburgh, Pa.," and so on.

If a bill is received, it might be entered as follows: "Wisconsin Lime & Cement Co.—50 barrels lime \$00.00; 75 barrels cement \$00.00," and so on.

Often the contractor doesn't get back to the office until late in the afternoon. Then he looks over the book. He decides which letters he must answer personally, and turns the rest over to his stenographer. The book advises the contractor of details which the stenographer might otherwise forget. It is also a valuable record. Correspondence sometimes is lost and bills may be misplaced. The record shows when a letter or a bill was received, and answers that were mailed under a certain date indicate whether or not an answer is due from a firm.

One lawyer declares that lawyers should keep a diary of some sort. Every time a man calls on him and every bit of time he works on a case is recorded on a slip of paper. Later in the day he dictates a daily report to his stenographer. These daily reports help him to fix his charges quickly. The reports are bound in a convenient looseleaf leather binder.

IF YOUR PROBLEM IS LIKE THIS MAN'S PERHAPS
HIS SOLUTION WILL BE YOURS

An advertising agent states that his main problem is in delegating detail to his assistants. In much of the work he cannot do this—for instance, he finds that he must write practically all of the advertising copy himself. He has tried to turn over part of this work to others, but clients expect him to do this work personally, and insist upon it.

A certain routine is followed in his office, however. His office girl comes down 15 minutes earlier than he does and opens the mail. She marks the mail that goes to the assistants. The boy distributes the mail. Some letters must be answered by the advertising agent personally, but many can be looked after by

From B. E. TAYLOR PERSONALLY	
To Private Secretary: Regarding paper herewith, my order is:	
Check	Not interested
	File
	Will keep appointment. Remind me
	Make reservation for
	Make Check for \$
	Call my attention
	Refer to Mr. <i>Adams</i>
	Acknowledge
	Write letter
	Miscellaneous remarks: <i>Clean this matter up at once</i>

Figure 36: A gummed slip is attached to every paper coming to one business man. He indicates by a checkmark just what disposition he wishes made. Thus, much time is saved which ordinarily would be spent talking about unimportant, though perhaps necessary details.

others. One box is used for incoming, and another for outgoing mail.

To lessen the load of detail, gummed slips are attached to all data that goes to one real estate man. One is reproduced in Figure 36. The real estate man indicates by a checkmark just what disposition he wants made of the data.

"I now prepare my letters in about half the time that it formerly took," says one man. "By this I do not mean that I have allowed quality to sag. A good letter is, of course, worth all the time necessary to make it good enough to engage the reader's attention.

"Here is my system: Every interesting letter that comes to my office goes into a special file. Two or three times a month I run through the letters I have collected and pick out the ones that seem worth keeping for reference and further study.

"In this way I have secured a permanent collection that I value highly. When I need an idea I go to my file of good letters, and usually quickly get a valuable suggestion that I can use in the letter I am planning. I often find paragraphs ready made, almost always suggestions of wording, arrangement, and sometimes whole plans, and so my special file is a 'veritable gold mine' of both minutes and ideas gained."

A "danger signal" progress board serves one business man as a warning on work unfinished in his office. This is a development from the progress sheet on which tasks were checked to completion as they passed through various stages. His objection to this old method was that the blank spaces, showing what was still undone at critical periods in the work, were lost in the maze of "finished" checkmarks.

The new plan, on the contrary, "shows up" boldly in red any steps still to be taken on any tasks. He thus has at his command a picture of delays or slow spots on his work and can quickly attend to essentials.

The arrangement of the board is indicated in Figure 37. The red signals are colored pasteboard disks an inch in diameter, and they take the place of the checkmarks in the old scheme, or rather, of any missing checkmarks of work still incomplete. These disks have a small hole punched in the center and slip over screw eyes on the board slightly smaller in diameter than the hole. The chart itself is of a dust-proof gray and is arranged especially for the individual business of this man. Circles are drawn in rows around the screw eyes to map the progress of each task, which is indicated by name on a removable tab on the left.

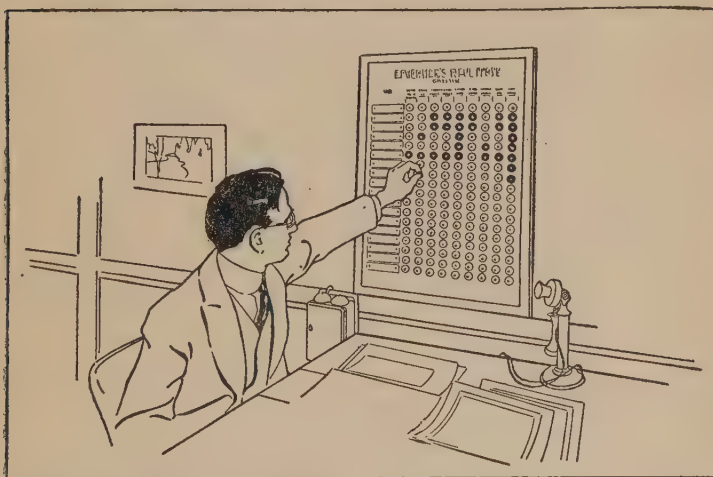


Figure 37: Here's a manager's progress board designed to strip office work of many routine details, delegate duties to assistants, and definitely fix the responsibility for all tasks.

In operation each circle is covered with a colored disk at the start of the work. As each step is performed, the particular disk that represents it is removed. The red spots remaining on the board at any time thus show prominently the incomplete items and con-

sequently those that need attention. The task-name tab is of cardboard and is punched at both ends and mounted over screw eyes like the colored tabs.

The disks are a standard product sold for use as checks, and are ready for use when purchased except that they have to be punched. In cases where a sharp distinction is deemed necessary for different tasks, blue tabs are also used. The red disks indicate the more important items. In a larger organization a variety of colors would probably extend the scope of usefulness of the plan.

Colored pencils help one man to watch the day's work. He uses a desk calendar as a reminder in keeping track of verbal orders and following up all details. On it he notes in red pencil all important items requiring attention first. Subjects for disposal next are entered in blue pencil, while unimportant details which can be left to the last are written in black pencil, and not too heavily to be smudgy.

With this calendar schedule in "color code" before him at all times, he is enabled to tell at a glance what duties are to be taken care of each day. The important subjects, standing out in red, indicate just how much work he has to accomplish, and what orders he must follow up. A code of this kind eliminates the possibility of forgetting the most important work of the day and going at a task which is not essential.

On the whole, the intelligent ordering of the office work is perhaps more important to the head of the one-man business than it is to an executive in a larger concern. Lacking effective office methods, the business man may become snarled in a mass of unprofitable details to the detriment of more productive work.

CHAPTER IX

HOW TO MAKE YOUR BANKER "SEE IT YOUR WAY"

A GOOD many of us probably have wondered at one time or another how one business man can go to the bank and seemingly borrow all the money he needs, while another—who may be doing about the same volume of business—can't get a dollar. The answer to this question hinges on another. As a business man, how do you stand with your banker?

The fact that ever-increasing sums of money are required to finance modern business is having a strong tendency toward bringing into closer relationship the banker with the business man. Practically every growing business demands capital exceeding the limits of the individual interested, and the larger the possibilities of a business for future development and expansion, the larger are its demands upon capital to take these evolution steps.

Men who finance with success first know their own condition exactly; then check over those who sell funds—usually the bank is the logical source—and apply to such sources as offer precisely what they need. They go to the money market with carefully prepared purchasing power and buy with expert foresight precisely those funds in amount and in terms which the business needs.

What must the business man consider in borrowing from a bank? One business man sums up the correct procedure in the seven points which follow:

1. "If you are not a customer of the bank, get an introduction by a favorably known customer.

2. "Guard against all compromising appearances. See that your private and business life are such that they will create a favorable impression. If you have a reputation for honesty, integrity, and ability, demand your loan on that asset—do not try to 'fix up' your statement so it 'looks' good.

3. "Submit a statement of your business, complete in every detail. Make sure of your quick assets.

4. "Be frank in your dealings with the bank. Do not withhold facts. Analyze your situation, showing what is to be done with the loan.

5. "See that you know the facts of your business. Be careful of your statements. Do not exaggerate.

6. "Consider the credit value of your business record. If favorable, it is an asset—it can be used to secure a loan if you go about it right.

7. "Get private indorsement of your paper as a last resort, only where money must be had even though the security implies financial weakness and need for backing other than your own word."

With these points clearly in mind, look at the chart (Figure 38) on page 136. It tells you when to use the bank as a source of financial assistance.

A banker is just as eager to make a satisfactory loan to a borrowing business man as is the borrower to obtain the needed amount of temporary financial assistance. It is the business of commercial banks to lend capital under specific restrictions. So, from the point of view of the business man perhaps the most natural question is:

How shall the business man line up his assets and liabilities so that he can present facts and figures quickly and clearly to his bank in a way that will win?

Before a banker can determine the borrowing capacity of an applicant for a loan it is necessary for him to know the actual conditions of the business. He must know, for instance, the ratio of quick assets to current liabilities. These should be segregated and itemized. The forms of statement used by various banks are nearly similar in important particulars. These forms are all devised to show those facts which the banker must know before granting a loan (Figures 39 and 40).

A statement, or the particular form in which it is made out, is not so important as many are inclined to believe, bankers declare. No matter how good a statement may be, even though it fills all the requirements which govern the loaning funds of the bank, if it is backed by individuals who are considered poor moral risks, it is not desirable. On the other hand, a statement which may be far less attractive on its face value, backed by men who are masters of themselves and their business, carries real weight with the banker. This might seem to prove that banking is not such a cold-blooded proposition as many business men imagine it to be.

Some years back the head of a one-man business applied to a bank for a loan. His business was incorporated and capitalized at \$5,000.

His business territory was intentionally limited to one county. This indicated the cautious and conservative policy of the man in control. He was feeling his way carefully and testing his methods thoroughly as he went along.

During the first year of this man's business career the bank lent him \$3,300. This was a very exceptional loan, in view of the fact that his concern was capitalized for only \$5,000 and was just getting under way. But the bank had made a thorough investigation into the business and methods of doing business, prospects, and past history of the proprietor. Again, the amount

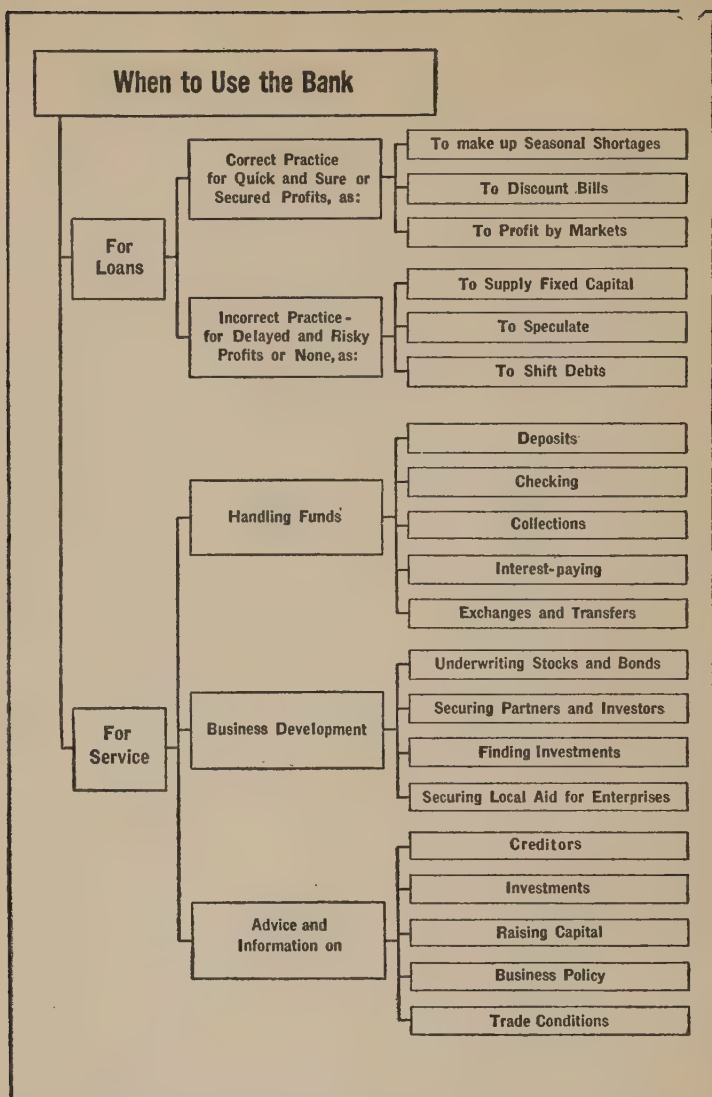


Figure 38: This figure shows graphically how to make use of your banker. As you see, the bank exists primarily for two reasons—to loan money and to serve its customers. Are you conducting your business so you can obtain the fullest cooperation from your banker?

loaned was backed by a guarantee of real estate. This guarantee was subsequently withdrawn. In spite of this withdrawal, the loan stood.

The following figures of this man's increasing capital and surplus, and indebtedness to the bank, tell their own interesting story:

Year	Capital and Surplus	Indebtedness to Bank
First year.....	\$ 5,000	\$ 3,300
Second year.....	6,000	5,400
Third year.....	6,200	5,600
Fourth year.....	7,300	6,500
Fifth year.....	8,900	6,700
Sixth year.....	9,600	7,000
Seventh year.....	9,900	11,200
Eighth year.....	10,500	10,300
Ninth year.....	10,500	7,500
Tenth year.....	11,000	6,300
Eleventh year.....	12,300	6,400
Twelfth year.....	14,400	5,800
Thirteenth year.....	17,000	6,100
Fourteenth year.....	18,400	7,200
Fifteenth year.....	19,500	5,200
Sixteenth year.....	21,500	6,400

In the seventh year, this man's capital and surplus totaled \$9,900. The indebtedness to the bank that year totaled \$11,200. In the eighth year—a year of stress, by the way—this man's capital and surplus moved forward to \$10,500. The indebtedness to the bank for the year totaled \$10,300. Taken on their face value these figures would technically seem to be out of proportion, from a banker's viewpoint. Again, another apparent inconsistency. This man was comparatively new in his field when his indebtedness to the bank reached its highest point.

The bank in question was financing this man—not upon the par excellence of his financial statement, but upon the absolute integrity of the man in control of the business and upon his business ability.

The bank knew this man was conservative, cautious, keen, wide awake to his opportunities. He kept his account with the bank well liquidated. His methods of doing business were all that could be desired and as an individual he was absolutely dependable.

In the sixteenth year his capital and surplus topped the \$20,000 mark. His indebtedness to the bank for the year totaled \$6,400. The attitude of this business man toward the bank has at all times been four-square. His affairs have been an open book. In return, the bank has been an important factor in the building of his business up to success.

A one-man business in a commission line lists its assets and liabilities in the following manner for the bank's information. Under a heading of "quick assets" are included:

- Goods on hand at cost, plus freight
- Current customers' accounts
- Notes receivable
- Cash on hand and in banks
- Total

Under a subheading of "assets" are—

- Building (less depreciation)
- Real estate and buildings (less depreciation)
- Fixtures (less depreciation)
- Delivery equipment (less depreciation)
- Total

In their "liabilities" the head of this building includes these items:

- Accounts payable
- Notes payable
- Total

At the very last, this concern shows the capital and surplus on its statement.

The undersigned, for the purpose of procuring credit from time to time from you on the negotiable paper of the undersigned or otherwise, furnishes you with the following statement which fully and truly sets forth the financial condition of the undersigned on the 28 day of May 1918, which statement you can consider as continuing to be full and accurate unless notice of change is given you. The undersigned agrees to notify you promptly of any change that materially reduces the pecuniary responsibility of the undersigned.

ASSETS		LIABILITIES	
Cash on hand	\$ 460.00	Bills Payable, for Merchandise	15 340.00
Cash in bank	8 240.00	Direct Loan from Bank	25 000.00
Bills Receivable from Customers (good)	5 000.00	Bills Payable, to others	
Accounts Receivable from Customers, (good)	35 782.00	Bills Receivable, discounted	
Accounts & Bills Receivable, due from Partners		Open Accounts, not due	
Accounts and Bills Receivable, doubtful	2 500.00	Open Accounts, past due	
Merchandise finished (how valued).	32 100.00	Mortgage or Lien on Real Estate	
Merchandise unfinished (how valued)	32 742.00	Chattel Mortgage or other Liens	
Raw Material (how valued)	20 297.00	Money deposited with us.	
Real Estate in fee belonging to Firm	40 000.00	Confidential Loans from Friends or Relatives, (and from whom)	
Real Estate in fee belonging to Partners individually			
Machinery and fixtures	3 400.00		
Buildings			
(Interest, Insurance, etc.)	1 475.00		
Total	163 406.00	Total Liabilities	
		Net Worth.	
		Total	40 340.00

Contingent Liabilities	{	Accommodations on Endorsement.....	<u>No</u>
		Guarantees on Bonds.....	<u>No</u>
		Accommodation Paper Outstanding.....	<u>No</u>

Do you pledge, sell or otherwise dispose of any of your accounts receivable? No

If so, (to what extent) are any of the accounts in above statement so disposed of? _____

General Partners. John Warner Asa Fitch Edward Robbins

Date and Expiration of Partnership _____ When was Business Established Nov. 15-1901

Special Partners None For what Period and Amount _____

Worth of Partners outside of Items scheduled above Have nothing outside of business except

Sales for year ending _____ \$254,190 _____ (Personal effects)

Average terms of sale 60 + 90 days Amount of rent paid per annum \$2,000 Date of trial balance April 30

Give location of Real Estate: 134 W. Glover Street

Amount of Insurance: on Stock \$30,000 Machinery and Fixtures \$10,000 Building \$20,000

Do you carry Workmen's Compensation Insurance Yes Do you carry Liability Insurance Yes

Are accounts insured, and if so, in what Company? _____

Wm. F. L. 10.

Manufacturing Tools Firm Name Warner, Fitch and Co.
B. H. W.

By A. F. Warner

Location 151.12.100.20.1 Date Signed May 28 1918

Figure 39: Are you a good credit risk? When you go to the bank, to borrow, probably you'll have to fill in a statement similar to this. Bankers are willing to loan money, but only under certain restrictions.

It pays to know how to make up a statement.

Chicago July 30 18

TO THE NATIONAL BANK OF THE REPUBLIC of Chicago.

For the purpose of procuring credit from time to time from you upon my own notes or other negotiable paper, I hereby make the following statement of my resources and liabilities, which is a true and accurate showing of my financial condition at this date:

RESOURCES

PERSONAL

Cash in banks	1,500	00
Diamonds	800	00
U. S. Steel Bonds	2,500	00
U. S. Steel Stock	1,000	00
Furniture and Fixtures	500	00

Total Value Personal Property \$ 6,300.00

REAL ESTATE

House and lot at 1254 Grand Ave	6,500	00

Total Value of Real Estate \$ 6,500.00Total Assets \$ 12,800.00

LIABILITIES

Loans from Banks	1,000	00
Loans from Friends	500	00
Secured Loans		
Mortgages on Real Estate		
Current Accounts	350	00
Bills Payable	600	00
Other Obligations	280	00

Total Liabilities \$ 2,730.00Total Worth in and out of business \$ 10,070.00Have you any PAST DUE indebtedness? No

If so, designate item and the amount

Business Attorney Signature Henry C. French
 Location 612 S. Main St.

Figure 40: This form is similar to the one shown in Figure 39, though perhaps not quite so detailed. But remember, bankers go even further than merely to examine your assets and liabilities, before they will extend a loan—your character counts, too.

This gives the bank all the necessary information regarding the man's business affairs—plus the fact that the bank knows that the accounts are in good, healthy condition, that the business is conducted along modern lines and is making a satisfactory margin of net profit on the investment. It does not take the head of this business very long to supply the bank with this information; but by doing so, he puts himself in a very much stronger position with his bank, because it feels that it has something definite to base its judgment on.

Another business man voluntarily furnishes his bank with a statement based on two-year figures which he gives to it made up in the following manner:

Discounts current	Express
Charges to income	Freight
on items not	General expenses
included in	Insurance
general over-	Taxes
head expenses	Light
Advertising	Heat
Subscriptions and	Supplies
charities	Rent
Collections	Salaries
Delivery	Sales
Drayage	Profits and losses

This gives the bank a clear understanding of the conditions of the man's business, its profits and its growth. It lines up his assets and liabilities and cost of doing business in an attractive manner, but if the normal hazard behind these figures was not on a par with the figures themselves, he probably would not be able to enlist the assistance of the bank.

"Mutual confidence and mutual knowledge must exist between the borrowing business man and his banker." says one business man. "First of all, the

business man must know accurately his costs of doing business. These must be kept in such shape on his books that they can be shown and proved correct at a moment's notice. It matters not at all what kind of a system is used so long as it produces the results.

"Quick assets must also be kept in a healthy condition. This means that with a merchant his stocks of merchandise must turn with the regularity of a clock and that the rate of turnover must be in keeping with the line. Accounts receivable in any business must at all times be kept in good shape. If a business man is lax in his credit methods with customers, he cannot as a rule expect much help from his banker.

"This laxness is pretty sure to denote other things. Find the man with a high credit standing and you will find a better business man and a better citizen.

"Business men will find that the bank does not ask for any information regarding a business which the borrowing business man should not know himself. Any disposition on the part of the business man to withhold information to which a bank is properly entitled is naturally poor business.

"The particular form on which the statement is made out is a matter of convenience rather than a problem of really vital importance. The banker's most important question is, do the figures accurately represent the facts and conditions of the business? It is to the business man's interest to convince him that they are. The bank has a certain well-defined field of service; to recognize this and help it all you can, contributes in a large measure to your financial effectiveness and reputation."

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